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United States
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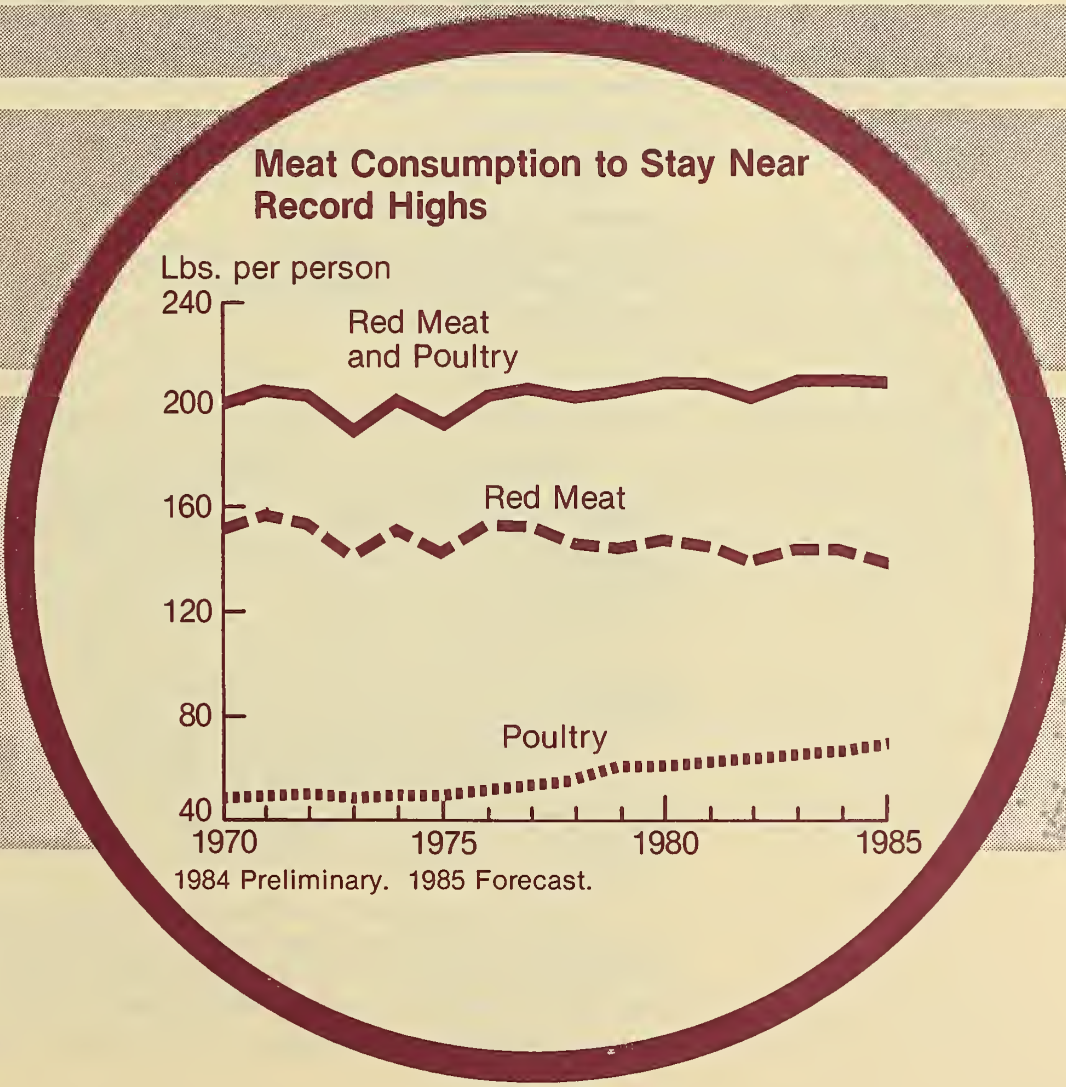
Economic
Research
Service

LPS-14
December 1984

Livestock and Poultry

Outlook and Situation Report



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Approved by the World Agricultural Outlook Board. Summary released December 6, 1984. The next summary of the Livestock and Poultry Outlook and Situation is scheduled for release on March 1, 1985. Summaries of Outlook and Situation reports may be accessed electronically. For details call (402) 472-1892 or (301) 588-1572. Full reports, including tables, are provided by the system on (402) 471-1892.

The present forecasts will be updated in the World Agricultural Supply and Demand Estimates scheduled for release on December 11, 1984, January 11, and February 11, 1985.

The Livestock and Poultry Outlook and Situation is published 6 times a year. Annual subscription: $15.00 U.S., $18.75 foreign. Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Make checks payable to the Superintendent of Documents.

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SUMMARY

Total red meat and poultry consumption may decline about 2 pounds per person in 1985 from the record 210 pounds expected this year. High feed costs, another year of drought in some important cattle areas, and producers' financial difficulties resulted in large meat supplies and reduced livestock inventories this year.

While meat consumption will remain near record levels next year, the mix of meats will change sharply with poultry rising and red meats declining. Broiler consumption may advance about 2 pounds, coupled with a moderate rise in turkey. Beef consumption could fall about 3 pounds, with nonfed beef accounting for all of the decline due to reduced cow slaughter. Pork consumption may drop about 1 pound per capita as stable production fails to offset population increases. Stronger red meat prices and lower feed costs may encourage expanded production beginning next fall.

In 1984, total red meat and poultry supplies will be slightly above the record 209 pounds per person in 1983. Pork consumption will decline slightly, while beef remains about unchanged. However, following little year-over-year growth from mid-1983 through mid-1984, broiler production has risen sharply in second-half 1984. Consequently, broiler consumption for all of 1984 will increase around 2 pounds per capita, more than offsetting a 1-pound decline in red meat. Consumption of red meat would have slipped further without continued large beef cow slaughter, which temporarily boosted supplies.

Meat prices in 1984 continued to rise less than the inflation rate as total meat supplies set new records. Prices for red meats may advance near the general inflation rate in 1985. However, large supplies and lower prices for poultry could hold down price gains for all meats. Twelve-city broiler prices may average 48 to 54 cents per pound, down from 55 to 56 cents this year. Wholesale turkey prices are expected to weaken, averaging about 4 cents below the 1984 record of 73-74 cents. Retail pork prices are likely to average $1.70-1.75 per pound, up from about $1.62 this year. Choice beef at retail probably will break out of the narrow $2.38-2.42 range it has been in since 1980. But despite a drop in consumption, beef's high price relative to other meats will hold the price gain to 2-5 percent above this year's $2.39-2.40 average.

Poor returns in 1983 and Avian flu last winter held down egg production in 1983/84. However, stronger prices in first-half 1984 encouraged producers to place increased numbers of replacement pullets into the laying flock. Egg production rose in second-half 1984 and is expected to increase 1-3 percent in 1985. Wholesale egg prices averaged about 82 cents a dozen in 1984, but may average only about 66-72 cents in 1985 due to an expanded supply.

Table 1--Livestock, poultry, and egg production and prices
(All percent changes shown are from a year earlier.)

Item	1983	1984					1985		
	Annual	I	II	III	IV 1/	Annual 1/	I 1/	II 1/	Annual 1/
					Million lbs				
PRODUCTION									
Beef	23,060	5,709	5,819	5,949	6,000	23,477	5,650	5,350	22,575
% change	+3	+3	+5	-1	+1	+2	-1	-8	-4
Pork	15,117	3,737	3,670	3,354	3,875	14,636	3,625	3,600	14,575
% change	+7	+7	-3	-8	-8	-3	-3	-2	0
Lamb & mutton	367	98	92	88	88	366	85	80	320
% change	+3	+5	+3	-6	-3	0	-13	-13	-13
Veal	428	116	113	122	115	466	100	90	385
% change	+1	+13	+15	+11	-2	+9	-14	-20	-17
Total red meat	38,972	9,660	9,694	9,513	10,078	38,945	9,460	9,120	37,855
% change	+5	+5	+2	-4	-3	0	-2	-6	-3
Broilers 2/	12,389	3,082	3,350	3,335	3,180	12,948	3,275	3,500	13,550
% change	+3	+1	+2	+6	+9	+5	+6	+4	+5
Turkeys 2/	2,563	432	589	775	750	2,546	480	650	2,760
% change	+4	-6	+1	+2	-1	-1	+11	+10	+8
Total poultry 3/	15,453	3,627	4,074	4,241	4,060	16,003	3,895	4,300	16,850
% change	+3	-1	+2	+6	+7	+4	+7	+6	+5
Total red meat & poultry	54,425	13,287	13,768	13,754	14,138	54,948	13,355	13,420	54,705
% change	+4	+3	+2	-1	0	+1	+1	-3	0
					Million dozen				
Eggs	5,656	1,401	1,408	1,426	1,460	5,695	1,450	1,450	5,820
% change	-2	-2	-0	+2	+3	+1	+3	+3	+2
PRICES									
					Dollars per cwt				
Choice steers, Omaha, 900-1100 lb	62.37	67.58	66.01	64.28	63-64	65-66	64-68	65-71	64-70
Barrows & gilts, 7 mkts	47.71	47.68	48.91	51.21	47-48	48-49	48-52	48-54	48-54
Slaugh. lambs, Ch., San Ang.	57.63	59.29	63.09	61.07	64-65	62-63	64-68	67-73	63-69
					Cents per lb				
Broilers, 12-city avg. 4/	50.4	61.8	56.4	54.1	49-50	55-56	48-52	49-55	49-54
Turkeys, NY 5/	60.5	67.7	66.9	72.4	89-91	74-75	73-77	67-73	67-73
					Cents per doz				
Eggs New York 6/	75.2	103.4	83.4	70.1	69-70	81-82	66-70	63-68	66-72

1/ Forecast. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers.

FACTORS AFFECTING LIVESTOCK AND POULTRY

The Economy

The economic recovery that started in late 1982 remained exceptionally strong through mid-1984. The real Gross National Product (GNP) increased at an annual rate of nearly 7 percent in 1984, compared with 3.7 percent in 1983. Real GNP rose at an annual rate of 10.1 and 7.1 percent in the first and second quarters of 1984, respectively. However, the rate of growth slowed to 1.9 percent in the third quarter, with continued slow growth expected for the remainder of the year. In 1985, economic growth is likely to run at an annual rate of about one-half the 1984 rate, with slower growth in the second half of the year than in the first.

Real disposable personal income in 1984 is expected to rise nearly 6 percent from year-ago levels. In 1985, real disposable personal income may rise at about one-half the 1984 rate, with a slower rise in the second half. The average rate of unemployment in 1984 is projected at around 7.5 percent, down sharply from last year. Little change in the unemployment rate is expected in 1985. Rising real disposable income and employment stability, along with lower total meat supplies, should strengthen meat prices at least through first-half 1985. A slowing economy and larger meat supplies in the second half may result in some price weakness. Another gain in median family income may provide some support to meat prices. In 1983, median family income, measured in 1983 dollars, rose for the first time since 1978. While median income (1983 dollars) remains below the 1970 level and well below 1978, continued gains likely will support higher meat prices as supplies decline.

Feeding Costs Decline

Again this year, a moderate rate of inflation has held down cost increases for livestock and poultry producers. Prices paid by farmers for nonfarm-originated items may rise only about 3 percent in 1984 over 1983, and are expected to rise 2 to 4 percent next year. Producers may be faced with slightly higher interest rates in 1985. The rate of general inflation as measured by the GNP Implicit Price Deflator was nearly 4 percent in 1984 and may be about 5 percent in 1985.

The 1984 corn crop is estimated at 7.5 billion bushels, up 81 percent from last year's drought- and program-reduced crop. With total use up about 9 percent, the 1984/85 carryover is estimated at 1.125 billion bushels, up 43 percent from a year earlier. The 1984/85 average farm price is projected at \$2.65 to \$2.95 per bushel, compared with \$3.20 in the previous crop year. Prices declined seasonally during harvest, with the central Illinois price averaging near \$2.60 a bushel in early December, down sharply from \$3.50 in late June.

Sorghum grain production is estimated at 813 million bushels in 1984, up 70 percent from last year. Sorghum prices averaged \$2.75 in 1983/84, and are expected to average \$2.40 to \$2.55 per bushel in 1984/85. Feed grain prices are expected to move in a normal seasonal pattern in 1984/85, i.e., lowest at harvesttime and highest in the summer.

Soybean production in 1984 is estimated at 1,902 million bushels, up 16 percent from last year. Soybean meal carryover is estimated at 420,000 short tons in 1984/85, up 65 percent from a year earlier. Soybean meal prices are expected to average \$145 to \$165 per short ton in 1984/85, down from \$188 in 1983/84. Soybean meal prices at Decatur averaged \$135 a ton in late November.

Over much of the country, forage supplies are better than a year ago. For the 48 contiguous States, the pasture and range feed conditions index on November 1 was 74, 1 point above last year, but 1 point below the 1973-82 average for the date. Short forage conditions continue this fall in central Texas and Oklahoma, but conditions have moderated from the "extreme-drought conditions" of previous months. Portions of northern Montana and western North Dakota remain in an extreme drought condition. The other pocket of extreme drought is found in northern Florida and central Georgia.

The 1984 hay crop is estimated at 154 million tons, up 9 percent from last year and the highest on record. Despite the record crop, hay stocks have been pulled down by supplemental feeding this summer and fall. However, cattle and sheep inventories also declined sharply in 1984, so there should be a much improved forage-livestock balance in 1984/85. The average farm price of hay has

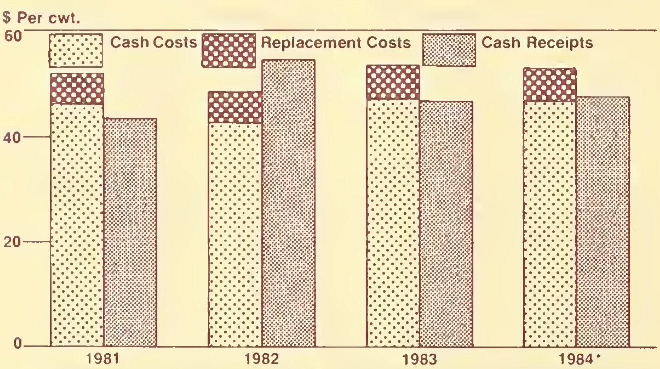
declined slightly since early summer. A year ago, hay prices rose about $6 a ton during this period. In November, prices averaged $73.00 a ton, compared with $76.60 a year ago.

LIVESTOCK AND RED MEATS

Hog production costs remained relatively high in 1984 because of continued high feed costs through late summer. Feed costs for hogs marketed this fall are about the same as those last fall. However, costs are now declining as feed grain and soybean meal prices have dropped sharply since summer. Costs of production in 1985 are expected to decline from 1984 due to lower feed costs.

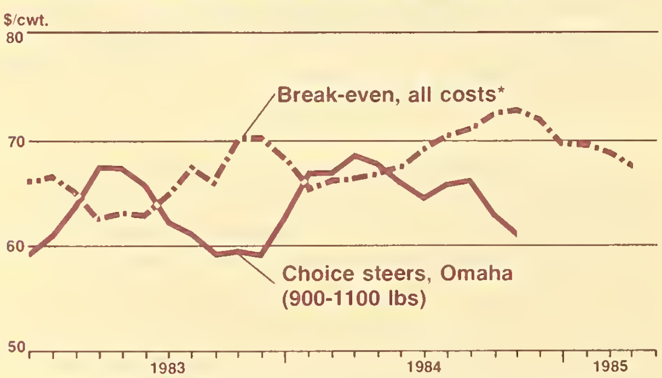
Costs of producing fed cattle marketed this year were higher than a year earlier. Feed costs were much higher, although lower prices paid for cattle placed on feed from last fall through early summer were partially offsetting. Feed costs should decline for fed cattle marketed next year, but the decline may be largely offset by higher feeder cattle prices.

Farrow-To-Finish Returns



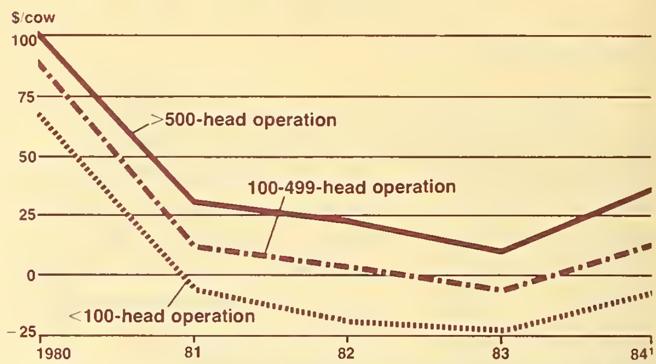
*Forecast

Steer Prices, Costs, and Net Margins



*Selling price required to cover costs of feeding a 600-lb. feeder steer to 1,050-lb. slaughter weight in the Corn Belt.

Cow-Calf Returns,* Per Cow



*Receipts less cash expenses.
[1]Forecast.

Costs of production in cow-calf operations have been held down by moderation in the general inflation rate. However, in 1984, tighter grain and reduced forage supplies in some areas held costs relatively high. The higher feed costs had another negative impact on cow-calf producers in that through spring, stocker and feedlot operations lowered bids on feeder cattle to offset the higher costs. Nevertheless, feeder cattle prices averaged higher in 1984 than in 1983. Increasing grain supplies will lower feed costs, enabling cattle feeders to bid up feeder cattle prices. Higher feeder cattle prices, along with more normal forage conditions, should result in higher returns to cow-calf operations in 1985.

Hogs

With only 2 months of farrow-to- finish returns above breakeven over the past year, producers continue to cut back production. The September Hogs and Pigs report confirmed that the cutback continued through summer. Hog prices averaged less than previously expected, especially this summer, but feed costs moderated. Despite the sharply lower feed costs this fall, the past year of unfavorable returns and the financial difficulties experienced by some producers provide little incentive to expand. Financial problems, resulting in part from reduced cash flow due to lower grain prices on crop/livestock farms, may force producers to market some gilts that otherwise would have been retained for the breeding herd.

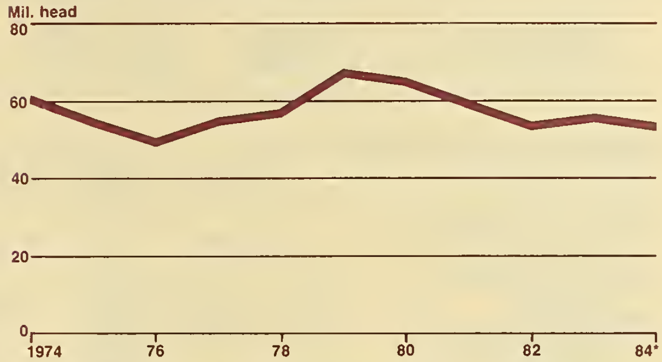
Table 2--Federally inspected hog slaughter

Week ended	1982	1983	1984
		Thousands	
Jan. 1 1/	1,428	1,204	1,350
8	1,881	1,487	1,418
15	1,656	1,564	1,708
22	1,643	1,561	1,625
29	1,623	1,531	1,577
Feb. 5	1,552	1,353	1,543
12	1,650	1,467	1,571
19	1,484	1,492	1,578
26	1,652	1,449	1,579
Mar. 5	1,698	1,544	1,656
12	1,676	1,646	1,791
19	1,663	1,584	1,691
26	1,705	1,550	1,681
Apr. 2	1,609	1,573	1,695
9	1,606	1,620	1,695
16	1,608	1,759	1,728
23	1,656	1,724	1,642
30	1,640	1,714	1,588
May. 7	1,596	1,680	1,635
14	1,610	1,663	1,664
21	1,553	1,637	1,579
28	1,532	1,580	1,578
June 4	1,279	1,409	1,367
11	1,561	1,641	1,591
18	1,467	1,550	1,541
25	1,416	1,532	1,431
July 2	1,394	1,592	1,438
9	1,162	1,370	1,105
16	1,434	1,581	1,445
23	1,352	1,515	1,378
30	1,357	1,558	1,305
Aug. 6	1,398	1,497	1,382
13	1,391	1,566	1,406
20	1,424	1,554	1,409
27	1,400	1,526	1,479
Sept. 3	1,411	1,613	1,502
10	1,286	1,435	1,396
17	1,527	1,772	1,657
24	1,418	1,716	1,679
Oct. 1	1,501	1,732	1,679
8	1,482	1,841	1,699
15	1,536	1,844	1,701
22	1,599	1,895	1,754
29	1,614	1,844	1,736
Nov. 5	1,620	1,927	1,754
12	1,677	1,955	1,748
19	1,650	1,981	1,698
26	1,310	1,593	1,459
Dec. 3	1,676	1,994	
10	1,523	1,941	
17	1,588	1,804	
24	1,278	1,465	

1/ Corresponding dates-1982: January 2, 1982; 1983: January 1, 1983; 1984: December 31, 1983.

Producers on September 1 indicated intentions to have 5 percent fewer sows farrow in September–November than a year ago. This was smaller than the 7-percent decline indicated in June. Also, as of September 1, producers intended to have 1 percent fewer sows farrow during December 1984–February 1985. Actual farrowings for September–November and second intentions for December–February will be announced in the Hogs and Pigs report scheduled to be released December 20. If producers carry out their intentions for September 1984–February 1985, pork production will decline on a year-over-year basis at least through next spring. Smaller pork production, along with lower beef output because of a reduced herd, should result in higher hog prices. However, greater broiler production will be a price-weakening factor.

December 1 Hog Inventory, U.S.



*Forecast.

Fourth-Quarter Production To Decline From Year-Ago Levels

Commercial hog slaughter in the fourth quarter may be around 22.4 million head, down 8 percent from a year ago. Fall hog slaughter is largely drawn from the inventory of market hogs weighing 60–179 pounds on September 1, which was down 8 percent. The projected and observed slaughter rate relative to the September market hog inventory suggests that producers are not expanding the breeding herd. Slaughter during September–November as a percentage of the 120 pound and over market hog inventory on September 1 was 172 percent. This rate was exceeded only during the same period in 1979, when producers stopped expanding after a 4-year buildup. Market hog inventories for the 10 reporting States are available back to 1973. The average dressed weight will probably be about the same as last year's 173 pounds. So, commercial pork production in the fourth quarter is expected to total about 3,875 million pounds, down 8 percent from a year earlier. For all of 1984, commercial production is expected to total 14.6 billion pounds, down 3 percent from a year earlier.

Table 3--Corn Belt hog feeding: Selected costs at current rates 1/

Purchased during Marketed during	Jan. 84 May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. June	Oct. Feb.*
EXPENSES: (Dollars/head)										
40-lb feeder pig	33.61	43.48	50.12	51.08	42.85	39.48	34.27	34.22	34.95	33.23
Corn (11 bu)	34.54	33.99	36.41	36.85	37.18	36.96	36.19	34.32	32.01	29.26
Protein supplement (130 lb)	22.10	21.19	20.93	20.61	20.41	20.15	18.98	18.27	18.01	17.55
Labor & management (1.3 hr)	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83	10.83
Vet medicine 2/	2.67	2.68	2.70	2.70	2.70	2.70	2.69	2.69	2.68	2.68
Interest on purchase (4 months)	1.53	1.98	2.28	2.35	1.98	1.82	1.64	1.64	1.67	1.60
Power, equip., fuel, shelter, depreciation 2/	6.50	6.52	6.55	6.57	6.57	6.56	6.54	6.53	6.52	6.50
Death loss (4% of purchase)	1.34	1.74	2.00	2.04	1.71	1.58	1.37	1.37	1.40	1.33
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscell. & indirect costs 2/	.67	.67	.67	.67	.67	.67	.67	.67	.67	.67
Total	115.41	124.70	134.12	135.32	126.52	122.37	114.80	112.14	110.35	105.26
SELLING PRICE REQUIRED TO COVER: ($/cwt)										
Feed and feeder costs (220 lb)	41.02	44.85	48.85	49.33	45.65	43.90	40.65	39.46	38.62	36.38
Selling price/cwt required to cover all costs (220 lb)	52.46	56.68	60.96	61.51	57.51	55.62	52.18	50.97	50.16	47.85
Feed cost per 100-lb gain (180 lb)	31.47	30.66	31.86	31.92	31.99	31.73	30.65	29.21	27.79	26.01
Barrows and gilts 7 markets	48.06	50.36	54.04	52.26	47.33	44.50				
Net margin	-4.40	-6.32	-6.92	-9.25	-10.18	-11.12				
PRICES:										
40-lb feeder pig (So. Missouri) $/head	33.61	43.48	50.12	51.08	42.85	39.48	34.27	34.22	34.95	33.23
Corn $/bu 3/	3.14	3.09	3.31	3.35	3.38	3.36	3.29	3.12	2.91	2.66
38-42% protein supp. $/cwt 4/	17.00	16.30	16.10	15.85	15.70	15.50	14.60	14.05	13.85	13.50
Labor & management $/hr 5/	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33	8.33
Interest rate (annual)	13.65	13.65	13.65	13.83	13.83	13.83	14.34	14.34	14.34	14.41
Transportation rate $/cwt (100 miles) 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses $/cwt 7/	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	1128	1132	1138	1140	1140	1139	1136	1133	1132	1129

1/ Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. Revisions have been made per annual Agricultural Prices. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market. * Preliminary.

Table 4--Commercial hog slaughter 1/ and production

Year	Barrows and gilts	Sows	Boars	Total 2/	Average dressed weight	Commercial production 2/
	1,000 head				Lb	Mil. lb
1982:						
I	20,347	1,093	274	21,714	170	3,693
II	19,498	956	258	20,712	171	3,550
III	17,668	1,030	242	18,940	171	3,240
IV	19,583	1,023	219	20,825	175	3,638
Year	77,096	4,102	993	82,191	172	14,121
1983:						
I	19,141	852	219	20,212	172	3,483
II	20,267	1,053	246	21,666	174	3,771
III	19,648	1,450	274	21,372	171	3,657
IV	22,808	1,291	235	24,334	173	4,206
Year	81,864	4,646	974	87,584	173	15,117
1984: 3/						
I	20,545	1,023	234	21,802	171	3,737
II	19,882	989	249	21,120	174	3,670
III	18,069	1,184	240	19,493	172	3,354

1/ Classes estimated. 2/ Totals may not add due to rounding. 3/ Preliminary.

1985 Production May Be Unchanged From 1984

Commercial slaughter in first-quarter 1985 is projected at 3 to 5 percent below a year earlier---around 21 million head. The September 1 inventory of market hogs weighing under 60 pounds suggests a slightly lower number, but the projected slaughter is in line with the 4-percent smaller June-August pig crop. Lower feed costs may encourage producers to feed hogs to heavier weights, as a result the average dressed weight may rise 1 to 3 pounds over 1984's 171 pounds. Commercial pork production may total about 3,625 million pounds, down 3 percent from 1984.

The spring slaughter is drawn from the September-November pig crop. If producers follow their September 1 intentions and the number of pigs per litter remains large, as in June-August, the September-November pig crop would be only 2 to 3 percent below a year ago. This would result in only a small decline in second-quarter 1985 slaughter. Although feed costs have moderated, the average dressed weight is expected to drop 1 to 3 pounds below 1984's 174. In spring 1984, producers may have fed hogs longer, anticipating an upturn in the market, which did not occur until late June. Commercial production during April-June may total 3,600 million pounds, down 2 percent from a year earlier.

Hog slaughter in second-half 1985 is expected to total around 42.6 million head, up 1 to 3 percent from 1984. The second-half slaughter will be drawn largely from the December-May 1985 pig crop, which is projected to be 1 to 3 percent larger than a year earlier. The average dressed weight is expected to be about the same as in 1984. So, commercial production may total about 7.35 billion pounds, up 2 percent from 1984. For all of 1985, with first-half declines followed by second-half increases, commercial pork production may total about 14.6 billion pounds, about the same as in 1984.

Hog Prices To Increase Slightly in 1985

Hog prices at the 7 major markets are expected to average $48 to $49 per cwt in 1984, compared with $48 in 1983. Prices in fourth-quarter 1984 are expected to average $47 to $48 per cwt, compared with $42 last year. Most of the increase is from lower pork supplies, with some support from tighter turkey supplies during the holiday season. Sharply higher turkey prices are making hams more attractive during the holidays.

Prices in first-quarter 1985 are expected to average $48 to $52 per cwt, compared with $48 a year earlier. Moderately lower beef production and a continuing strong economy will be price-strengthening factors, but rising broiler production will be somewhat offsetting. In second-quarter 1985, hog prices may average $48 to $54 per cwt, compared with $49 a year ago. Nonfed steer and heifer, and cow slaughter will be down sharply, which will help support pork prices for use in processed meats.

Hog prices in the third quarter may average $50 to $56 per cwt, compared with $51 in 1984. Continuing lower nonfed beef production and a relatively strong economy should support hog prices. In addition, frozen stocks are not expected to be the problem they were in 1984. However, steadily rising and seasonally large poultry production may temper hog price increases.

Hog prices in fourth-quarter 1985 are expected to average $47 to $53 per cwt. Lower beef production, especially nonfed, will be supportive. However, larger pork production and continuing high poultry production will pressure prices.

Retail Pork Prices To Rise

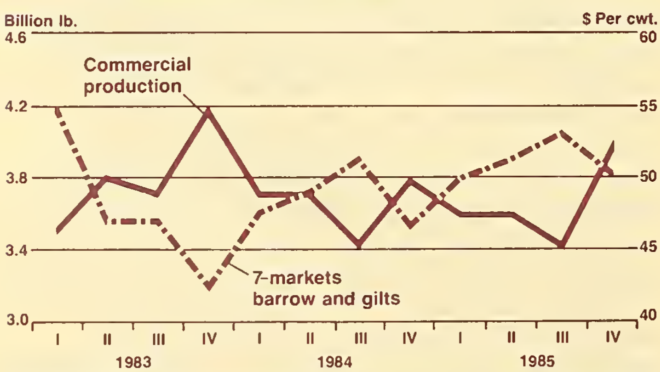
Retail pork prices in 1984 are expected to average about $1.62 per pound, 4 percent below a year ago. The farm-to-retail spread may average in the mid-to-high 80-cent range, compared with the low 90-cent range in 1983. Given the moderate price rise expected for marketing goods and services, the farm-to-retail spread may rise to near 1983 levels in 1985. Retail pork prices are expected to average $1.70 to $1.75 a pound in 1985. Although the average price will be higher than in 1984, it still may be lower than 1982's $1.75 a pound, when total red meat and poultry supplies were much lower.

Cattle

The inventory of all cattle and calves on January 1, 1985, is expected to show a continued decline; perhaps down 2 to 3 percent from 1984. The breeding herd continues to be eroded. Last July 1, beef cows totaled 38.5 million head, down 1 percent from last year and down 4 percent from 2 years earlier. Cow slaughter in 1984 is projected to be about 12 percent over last year. In addition, the number of beef replacement heifers on July 1 was down 5 percent. So, the declining trend in cattle inventories will likely continue in 1985 for the third consecutive year.

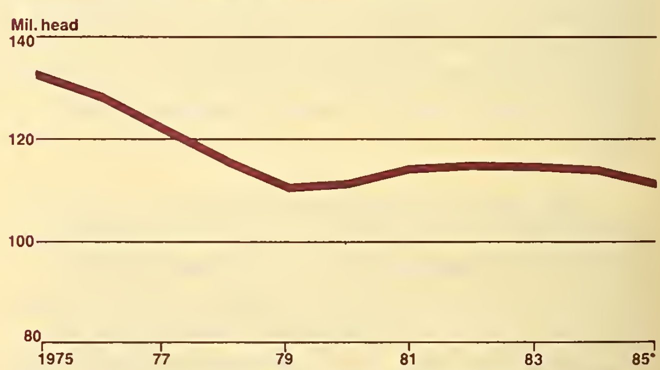
Drought conditions in some regions and financial difficulties have plagued the beef cattle industry, and particularly cow-calf operations, for the past 2 years. After

Pork Production and Prices



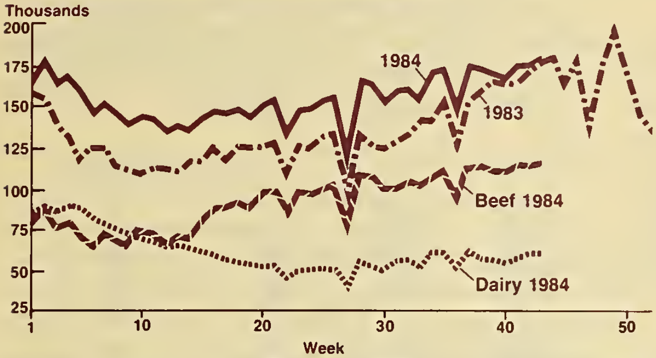
Fourth quarter 1984 and 1985 forecast

January 1 Cattle Inventory, U.S.



*Forecast.

Cow Slaughter—All Regions



producers adjusted cow herds because of drastically reduced forage supplies last fall, severe winter storms necessitated increased supplemental feeding and further herd reductions. Also, some additional beef cows may have been slaughtered late last fall as producers became apprehensive about the dairy program and lower expected cull cow prices in first-half 1984.

Cow slaughter is expected to drop sharply in 1985 as the new grazing season approaches. A lower inventory, higher cattle prices, and improved forage conditions are expected to result in sharply lower nonfed steer and heifer slaughter as demand remains strong for the reduced feeder cattle supply. However, nonfed slaughter could exceed current expectations if financial problems on crop-livestock operations continue to warrant further reductions of cattle herds to generate cash for spring planting.

Beef Production To Rise Slightly in 1984

As dairy producers culled cows in accordance with the 1984/85 dairy diversion program, first-quarter beef production rose 3 percent above year-earlier levels. Cow slaughter was 22 percent over first-quarter 1983.
Second-quarter beef production continued high and was 5 percent above a year earlier. Cow

Table 5--Commercial cattle slaughter 1/ and production

Year	Steers and heifers							
	Fed	Nonfed	Total	Cows	Bulls and stags	Total 2/	Average dressed weight	Commercial production 2/
	1,000 head						Lb	Mil. lb
1982:								
I	6,148	620	6,768	1,738	173	8,679	629	5,455
II	5,997	746	6,743	1,685	214	8,642	621	5,363
III	6,660	542	7,202	1,787	225	9,214	622	5,730
IV	6,097	861	6,958	2,144	206	9,308	625	5,818
Year	24,902	2,769	27,671	7,354	818	35,843	624	22,366
1983:								
I	6,419	424	6,846	1,701	188	8,732	633	5,527
II	6,367	581	6,948	1,694	209	8,851	628	5,556
III	6,799	621	7,420	1,908	220	9,548	630	6,015
IV	6,145	888	7,033	2,294	191	9,518	626	5,962
Year	25,730	2,514	28,244	7,597	808	36,649	629	23,060
1984: 3/								
I	6,467	456	6,923	2,080	165	9,168	623	5,708
II	6,488	647	7,135	1,998	208	9,341	623	5,819
III	6,539	636	7,175	2,168	217	9,559	622	5,949

1/ Classes estimated. 2/ May not add due to rounding. 3/ Preliminary.

Table 6--Federally inspected cattle slaughter

Week ended	Cattle		Steers		Cows			
					Total		Dairy	Dairy as percent of total
	1983	1984	1983	1984	1983	1984	1984	
	Thousands							Percent
Jan. 1 1/	555	589	268	292	115	133	--	--
8	682	606	299	277	159	164	84	51
15	725	699	337	325	156	180	90	50
22	693	707	329	339	140	163	87	53
29	667	693	325	333	132	169	90	53
Feb. 5	637	657	312	318	119	159	89	56
12	668	689	330	344	126	150	81	54
19	631	683	310	425	126	153	79	51
26	624	666	326	318	114	146	77	52
Mar. 5	621	684	306	329	112	139	72	52
12	615	675	312	324	108	145	69	48
19	628	689	322	342	114	143	68	48
26	608	644	299	319	113	134	67	50
Apr. 2	589	650	283	312	112	139	67	48
9	588	631	287	301	119	135	65	48
16	644	662	333	328	121	143	62	43
23	636	651	316	322	127	148	60	41
30	623	655	326	322	118	147	57	39
May 7	649	666	332	332	127	149	56	37
14	675	712	339	361	126	145	55	38
21	669	730	333	368	127	152	53	35
28	684	743	333	364	130	155	55	35
June 4	591	642	293	317	109	132	46	35
11	690	720	338	361	128	149	51	34
18	675	722	324	363	126	150	52	35
25	658	706	313	336	132	155	53	35
July 2	662	708	325	333	129	157	52	33
9	590	605	304	285	97	112	38	34
16	682	742	330	337	135	168	58	34
23	652	705	312	317	127	164	55	34
30	661	680	323	152	126	152	52	34
Aug. 6	688	696	329	327	131	158	57	36
13	710	710	338	323	140	161	57	35
20	706	701	338	322	143	153	52	34
27	708	717	339	317	142	171	62	36
Sept. 3	735	745	354	329	155	175	62	36
10	644	653	304	296	125	144	53	37
17	759	748	351	338	154	176	63	36
24	721	745	313	343	159	174	59	34
Oct. 1	746	710	332	316	167	169	58	34
8	736	733	327	321	165	167	56	34
15	734	729	332	305	165	175	61	35
22	725	731	315	313	172	176	62	35
29	728	702	320	312	180	179	62	34
Nov. 5	704	700	302	310	182	187	63	34
12	698	683	318	298	162	175	58	33
19	709	705	309		180			
26	580	586	268		137			
Dec. 3	702		320		176			
10	732		318		199			
17	704		331		171			
24	625		303		144			

1/ Corresponding date--1983: January 1, 1983; 1984: December 31, 1983.

slaughter, at 18 percent over 1983, accounted for a large part of the increase. However, in contrast to the first quarter, beef cows provided the largest share of cow slaughter as producers adjusted to already tight forage supplies compounded by a cold, wet spring.

Expectations for 1984 beef production were revised upward in midsummer as producers continued to cut herds in light of continued drought-reduced forage supplies and more pronounced financial problems on mixed crop-livestock enterprises. Nonfed slaughter had been expected to hold below the large 1983 drought-induced levels. Fed slaughter dropped below year-ago levels during the third quarter.

Commercial cattle slaughter from January through October totaled 31.5 million head, up 4 percent from 30.4 million a year earlier, but average dressed weights declined 6 pounds. Therefore, commercial beef production for the 10 months, at 19.7 billion pounds, was up only 3 percent.

The October 1 Cattle on Feed report indicated a 6-percent rise in the number of cattle on feed. Placements during the third quarter rose 12 percent over a year earlier, with heifers accounting for most of the increase. A larger proportion of those heifers placed on feed may have been earmarked in July for herd replacements, but were sold later in the year due to lack of forage or the need to generate cash. These heavier-weight heifers may be marketed in late fourth-quarter 1984 and first-quarter 1985. In the fourth quarter, nonfed slaughter will be down from last year, while fed slaughter may rise about 5 percent. Fourth-quarter beef production may be up slightly from 1983 levels. For all of 1984, commercial beef production is expected to be about 2 percent over a year ago.

Beef Production To Decline in 1985

Beef production in 1985 is expected to decline 3 to 4 percent from 1984. Fed beef production may increase 1 to 3 percent, but a sharp decline in cow slaughter is expected.

Cow slaughter as a share of the January 1 cow herd averaged 13.8 percent during 1979-83. This ratio indicated herd expansion. In 1984, over 17 percent of the cow herd was slaughtered, indicating a substantial liquidation. Cow slaughter in 1985 is expected to be about 14 percent of the January 1 inventory--about the same as the 1979-83 average. This level of slaughter would normally suggest a stabilizing of the inventory. However, with fewer heifers likely to calve and enter the breeding herd in 1985, another year of decline is likely. While the base for expansion may begin in 1985, the 14-percent slaughter rate is above the average of the early 1970's when the herd expanded at a rapid pace. The ratio averaged 12.6 from 1970 to 1974.

In addition to cow slaughter falling off, nonfed steer and heifer slaughter will drop as

Table 7--Cattle on feed, placements, and marketings, 13 States

Item	1982	1983	1984	1984/1983
	- - 1,000 head - -			% change
On feed July 1	8,981	9,070	8,700	-4.1
Placements, July-Sept.	5,846	5,583	6,237	+11.7
Marketings, July-Sept.	5,773	5,891	5,669	-3.8
Other disappearance July-Sept.	254	297	268	-9.8
On feed Oct. 1	8,800	8,465	9,000	+6.3
Steer & steer calves				
-500 lb	265	232	271	+16.8
500-699 lb	843	740	665	-10.1
700-899 lb	1,893	1,932	1,896	+1.9
900-1,099 lb	1,988	1,922	1,994	+3.7
1,100 + lb	611	624	781	+25.2
Heifers & heifer calves				
-500 lb	168	81	152	+87.7
500-699 lb	794	642	750	+16.8
700-899 lb	1,292	1,414	1,502	+6.2
900 + lb	921	852	957	+12.3
Cows	25	26	32	+23.1
Marketings, Oct.-Dec. 1/	5,374	5,416	5,695	+5.2

1/ 1984 intentions.

Table 8--13-States cattle on feed, placements, marketings, and other disappearance

Year	Cattle on feed 1/	Change previous year	Placed on feed	Change previous year	Fed cattle marketed	Change previous year	Other disappear-ance	Change previous year
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1982:								
I	9,028	-8.3	5,572	15.7	5,443	-2.1	339	-22.6
II	8,818	1.8	5,781	3.4	5,209	1.9	409	-17.7
III	8,981	3.9	5,846	10.8	5,773	5.9	254	-1.2
IV	8,800	7.2	7,216	15.5	5,374	5.6	371	8.8
Year	---	---	24,415	11.3	21,799	2.7	1,373	-10.1
1983:								
I	10,271	13.8	5,027	-9.8	5,694	4.6	451	33.0
II	9,153	3.8	5,894	2.0	5,527	6.1	450	10.0
III 2/	9,070	1.0	5,583	-4.4	5,891	2.0	297	16.9
IV	8,465	-3.8	7,252	+.4	5,416	.8	393	5.9
Year	---	---	23,771	-2.6	22,545	3.4	1,592	16.0
1984:								
I	9,908	-3.5	5,511	9.6	5,714	0.4	365	-19.1
II	9,340	2.0	5,572	-5.5	5,630	1.9	582	29.3
III	8,700	-4.1	6,237	11.7	5,669	-3.8	268	-9.8

1/ Beginning of quarter. 2/ Revised.

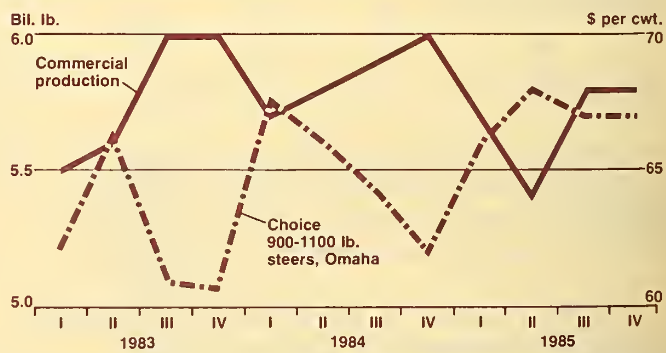
forage supplies and prices improve. Fed cattle marketings as a proportion of total slaughter are expected to increase in 1985, and dressed weights will likely increase.

Fed Cattle Prices To Strengthen in 1985

Lower beef and pork production, together with a relatively strong economy, should support higher fed steer prices during 1985. After strengthening through spring and peaking near $70, Choice steer prices may decline seasonally in the second half of the year. Prices may average $65 to $69 per cwt for the year.

Choice fed steer prices at Omaha in 1984 are expected to average about $65 per cwt, up nearly $3 from last year. After peaking during late winter, prices declined in the second and third quarters pressured by large red meat supplies. Some price strength was regained in November after prices at Omaha averaged only $60.85 in October. Steer prices benefited from the strong economy and lower pork supplies despite a 2-percent gain in production. Continued improvement from the relative poor growth in per household income that has existed since 1978 should also be a strengthening factor.

Beef Production and Prices



Fourth quarter 1984 and 1985 forecast.

Table 9--7-States cattle on feed, placements, and marketings

Year	On feed	Change from previous year	Net placements	Change from previous year	Marketings	Change from previous year	Other disappearance	Change from previous year
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1983								
Jan.	8,316	+15.5	1,364	-0.9	1,628	+7.0	130	+60.5
Feb.	8,052	+14.1	1,043	-15.0	1,491	+5.5	121	+30.1
Mar.	7,604	+10.7	1,267	-25.6	1,603	+3.6	137	+42.7
Apr.	7,268	+3.5	1,423	-2.3	1,470	+4.0	143	+31.2
May	7,221	+2.2	1,688	-1.3	1,578	+11.7	150	+4.9
June	7,331	-0.4	1,517	+14.2	1,570	+4.0	78	-15.2
July	7,278	+1.4	1,080	-5.0	1,497	+1.0	94	+38.2
Aug.	6,861	+0.4	1,494	-10.5	1,651	-2.2	88	+44.3
Sept.	6,704	-1.7	1,932	+1.1	1,682	+6.8	71	-14.5
Oct.	6,951	-2.8	2,358	-6.3	1,626	+6.5	102	+22.9
Nov.	7,683	-5.6	1,590	-4.6	1,459	-1.8	121	+1.7
Dec.	7,814	-6.1	1,617	+13.7	1,425	-0.3	119	+7.2
1984								
Jan.	8,006	-3.7	1,480	+8.5	1,569	-3.6	86	-33.8
Feb.	7,917	-1.7	1,219	+16.9	1,621	+8.7	82	-32.2
Mar.	7,515	-1.2	1,647	+30.0	1,594	-0.6	117	-14.6
Apr.	7,568	+4.1	1,331	-6.5	1,523	+3.6	184	+28.7
May.	7,376	+2.1	1,579	-6.5	1,637	+3.7	219	+46.0
June	7,318	-0.2	1,361	-10.3	1,554	-1.0	94	+20.5
July	7,125	-2.1	1,239	+14.7	1,553	+3.7	84	-10.6
Aug.	6,811	-0.7	1,604	+7.4	1,668	+1.0	61	-30.7
Sept.	6,747	+0.6	2,184	+13.0	1,489	-11.5	81	+14.1
Oct.	7,442	+7.1	2,436	+3.3	1,657	+1.9	110	+7.8
Nov.	8,221	+7.0						

Feeder Cattle Supply Declines

A smaller calf crop and large feedlot placements led to a decline in feeder cattle supplies throughout the second half of 1984. The supply of feeder cattle outside feedlots on October 1 was down 3 percent from last year. Calves, which represented 82 percent of the supply, were down 2 percent, while yearling supplies were down 7 percent. In addition to an estimated 2-percent smaller calf crop, a 6-percent increase in calf slaughter during the third quarter also reduced supplies. However, the feeder cattle supply likely has been supplemented by larger sales of heavier heifers that were earlier intended as herd replacements.

For 1985, sharply lower grain prices and improving prices for Choice fed steers should encourage larger placements of lightweight feeder cattle on feed. Placements throughout 1985 may be up 1 to 3 percent. These increased placements, together with a smaller 1985 calf crop, will result in further tightening of the feeder cattle supply. Depending upon higher feeder cattle prices and forage conditions in 1985, there may be a modest retention of heifers to expand breeding herds.

Feeder Cattle Prices To Rise Above Fed Cattle Prices

As cattle feeders bid for tighter feeder cattle supplies in 1985, feeder cattle prices

Table 10--Corn Belt cattle feeding: Selected costs at current rates 1/

Purchased during Marketed during	Jan. 84 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 85	Aug Feb.	Sept. Mar.	Oct. Apr.*
EXPENSES: ($/head)										
600-lb feeder steer	390.36	398.70	404.52	405.06	394.20	376.20	382.80	384.24	383.88	390.36
Transportation to feedlot (400 miles)	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu)	141.30	139.05	148.95	150.75	152.10	151.20	148.05	140.40	130.95	119.70
Silage (1.7 tons)	48.85	49.69	51.28	51.76	52.01	50.30	47.60	44.89	42.41	40.42
Protein supple-ment (270 lb)	39.56	37.26	36.86	36.59	36.18	35.64	33.21	32.40	32.81	31.59
Hay (400 lb)	15.80	16.70	16.50	16.60	16.60	15.50	14.00	13.10	12.60	12.70
Labor (4 hours)	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Management 2/	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Vet medicine 3/	5.30	5.32	5.32	5.36	5.36	5.35	5.34	5.33	5.32	5.31
Interest on pur-chase (6 months)	26.64	27.21	27.61	28.01	27.26	26.01	27.41	27.55	27.52	28.13
Power, equip., fuel, shelter, deprec. 3/	24.73	24.81	24.94	24.99	24.99	24.97	24.90	24.86	24.81	27.75
Death loss (1% of purchase)	3.90	3.99	4.05	4.05	3.94	3.76	3.83	3.84	3.84	3.90
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs 3/	10.69	10.73	10.79	10.81	10.81	10.80	10.77	10.75	10.73	10.70
Total	741.65	747.98	765.36	768.49	757.97	734.25	732.43	721.88	709.39	702.08
SELLING PRICE REQUIRED TO COVER:										
Feed and feeder ($/cwt) costs (1,050 lb)	60.56	61.09	62.68	62.93	62.01	59.89	59.59	58.57	57.39	56.64
Selling price required to cover all costs (1,050 lb)	70.63	71.24	72.89	73.19	72.19	69.93	69.75	68.75	67.56	66.86
Feed costs per 100-lb gain	54.56	53.93	56.35	56.82	57.09	56.14	53.97	51.29	48.61	45.42
Choice steers, Omaha	65.79	64.36	62.68	60.85						
Net margin	-4.84	-6.88	-10.21	12.34						
PRICES:										
Feeder steer, Choice (600-700 lb) Kansas City $/cwt	65.06	66.45	67.42	67.51	65.70	62.70	63.80	64.04	63.98	65.06
Corn $/bu 4/	3.14	3.09	3.31	3.35	3.38	3.36	3.29	3.12	2.91	2.66
Hay $/ton 4/	79.00	83.50	82.50	83.00	83.00	77.50	70.00	65.50	63.00	63.50
Corn silage $/ton 5/	28.74	29.23	30.16	30.45	30.60	29.59	28.00	26.41	24.95	23.78
32-36% protein supp. $/cwt 6/	14.65	13.80	13.65	13.55	13.40	13.20	12.30	12.00	12.15	11.70
Farm labor $/hour	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Interest rate, annual	13.65	13.65	13.65	13.83	13.83	13.83	14.32	14.34	14.34	14.41
Transportation rate $/cwt per 100 miles 7/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses $/cwt 8/	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	1128	1132	1138	1140	1140	1139	1136	1134	1132	1129

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production level, and locality of operation. Revisions have been made per annual Agricultural Prices.
2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in Iowa and Illinois. 5/ Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb hay. 6/ Average price paid by farmers in Iowa and Illinois. 7/ Converted from cents/mile for a 44,000-pound haul. 8/ Yardage plus commission fees at a Midwest terminal market. * Preliminary.

Table 11--Great Plains custom cattle feeding: Selected costs at current rates 1/

Purchased during Marketed during	Jan. 84 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 85	Aug Feb.	Sept. Mar.	Oct. Apr.
EXPENSES: ($/head)										
600-lb feeder steer	403.92	409.86	407.82	390.48	365.64	361.68	377.64	383.40	381.66	379.62
Transportation to feedlot (300 miles)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed:										
Milo (1,500 lb)	80.10	77.70	80.40	84.90	85.65	86.85	86.55	82.80	78.30	75.30
Corn (1,500 lb)	93.30	92.70	95.10	99.30	99.75	99.30	96.90	87.00	83.10	83.40
Cottonseed meal (400 lb)	68.00	64.00	64.00	64.00	62.00	60.00	56.00	54.00	52.00	50.00
Alfalfa hay (800 lb)	56.80	60.40	53.60	57.60	54.40	55.20	55.60	56.40	55.60	53.60
Total feed cost	298.20	294.80	293.10	305.80	301.80	301.35	295.05	280.20	269.00	262.30
Feed handling & management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder & 1/2 feed	35.95	36.22	36.03	38.04	37.45	37.15	39.39	39.26	38.71	37.03
Death loss (1.5 percent of purchase)	6.06	6.15	6.12	5.86	5.48	5.43	5.66	5.75	5.72	5.69
Marketing 2/	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.	f.o.b.
Total	762.87	777.99	774.03	771.13	741.33	736.56	748.70	739.57	726.06	715.61
SELLING PRICE REQUIRED TO COVER: 3/ ($/cwt)										
Feed and feeder costs (1,056 lb)	66.49	66.73	66.38	65.94	63.20	62.79	63.70	62.84	61.62	60.79
All costs	73.40	73.67	73.30	73.02	70.20	69.75	70.90	70.04	68.76	67.77
Selling price 4/	66.22	64.54	62.60	62.14						
Net margin	-7.18	-9.13	-10.70	-10.88						
Cost per 100-lb gain										
Variable costs less interest	65.65	64.99	64.64	67.13	66.26	66.16	64.94	62.84	59.74	58.40
Feed costs	59.64	58.96	58.62	61.16	60.36	60.27	59.01	56.04	53.80	52.46
PRICES:										
Choice feeder steer 600-700 lb Amarillo $/cwt	67.32	68.31	67.97	65.08	60.94	60.28	62.94	63.90	63.61	63.27
Transportation rate $/cwt/100 miles 5/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee $/cwt	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo $/cwt 6/	6.34	5.18	5.36	5.66	5.71	5.79	5.77	5.52	5.22	5.02
Corn $/cwt 6/	6.22	6.18	6.34	6.62	6.65	6.62	6.46	5.80	5.54	5.56
Cottonseed meal $/cwt 7/	17.00	16.00	16.00	16.00	15.50	15.00	14.00	13.50	13.00	12.50
Alfalfa hay $/ton 8/	142.00	151.00	134.00	144.00	136.00	138.00	139.00	141.00	139.00	134.00
Feed handling & management charge $/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate	13.00	13.00	13.00	13.00	14.00	14.50	15.00	15.00	15.00	14.50

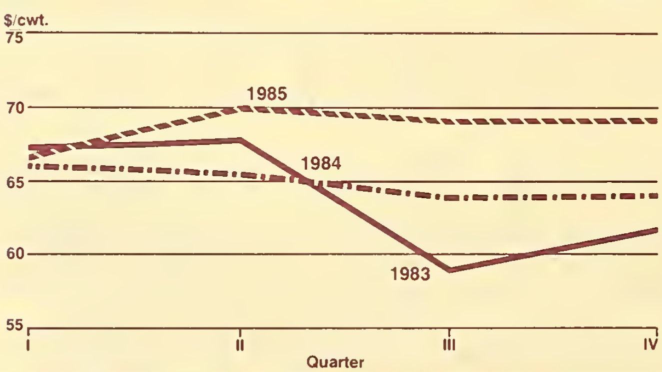
1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lbs in 180 days at 2.8 lbs per day with feed conversion of 8.4 lbs per pound gain. Revisions have been made per annual Agricultural Prices. 2/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 3/ Sale weight 1,056 lbs (1,100 lbs less 4-percent shrink). 4/ Choice slaughter steers, 900-1100 lbs, Texas-New Mexico direct. 5/ Converted from cents per mile for a 44,000-lb haul. 6/ Texas Panhandle elevator price plus $0.15/cwt handling and transportation to feedlots. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus $30/ton handling and transportation to feedlots.

Table 12--October 1 feeder cattle supply

Item	1982	1983	1984	1984/83
	- - 1,000 head - -			% change
Calves 500 lb				
on farms				
July 1	36,650	35,970	35,500	-1.3
Slaughter				
July-Sept.	770	805	856	+6.3
On feed				
Oct. 1	509	367	496	+35.1
Total	35,371	34,798	34,148	-1.9
Steers & heifers				
500 lb +				
on farms 1/				
July 1	23,990	24,730	24,450	-1.1
Slaughter				
July-Sept.	7,201	7,421	7,174	-3.3
On feed				
Oct. 1 2/	9,812	9,526	10,012	+5.1
Total	6,977	7,783	7,264	-6.7
Total supply	42,348	42,582	41,412	-2.7

1/ Not including heifers for cow replacement.
2/ Estimated U.S. steers and heifers.

Choice Feeder Steers, 600-700 lb., Kansas City



Fourth quarter 1984 and 1985 forecast.

will likely improve and average $67 to $71 per cwt. Prices should improve through spring and peak in the lower $70's, then decline slightly through the remainder of the year due to expected larger meat supplies. Feeder cattle

Table 13--Commercial calf slaughter and production

Year	Slaughter 1/	Average dressed weight	Production 1/
	1,000 head	Lb	Million lb
1982:			
I	770	139	107
II	675	147	99
III	770	139	107
IV	806	136	110
Year	3,021	140	423
1983:			
I	734	140	103
II	669	146	98
III	805	137	110
IV	868	135	117
Year	3,076	139	428
1984: 2/			
I	817	141	115
II	745	152	113
III	856	143	122

1/ May not add due to rounding. 2/ Preliminary.

prices this year may average near $65 per cwt, about a $1.50 more than in 1983. Prices were pressured this year by relatively high feed costs and by herd liquidation.

Utility cow prices should average about $40 per cwt in 1984, up 50 cents from 1983. Cow prices held up well this year despite the 12-percent increase in slaughter. Part of the increase in slaughter was due to the dairy diversion program, but the bulk was from beef herd liquidation due to poor returns to cow-calf operators, tight forage supplies, and financial difficulties.

Cow slaughter is expected to decline sharply in 1985 due to improved forage conditions, expiration of the dairy program, and improved returns to cow-calf operations. The lower cow slaughter should support higher cow prices, which may average in the low $40's. The improved returns should encourage some heifer retention next fall, or at least stabilize the inventory. However, some producers may continue to sell cows through

spring to raise cash for spring planting expenses.

1985 Retail Beef Prices To Rise

In 1985, retail beef prices may rise 2 to 5 percent from 1984 with most of the strength occurring through mid-summer. Retail beef prices in 1984 are expected to average about $2.40 a pound, about the same as in the last 4 years. The farm-to-retail spread was relatively narrow throughout most of this year. After averaging about $1.00 during the third quarter, it began to widen and averaged $1.05 in October when the average retail beef price was $2.35. Fed steer prices strengthened through November, but further gains are expected to be modest until midwinter. The farm-to-retail spread will probably stay wide until midwinter when fed steer prices gain additional seasonal strength. Consequently, retail beef prices are expected to rise above recent and year-earlier levels through fall. Farm-to-retail spreads in 1984 will probably average slightly over $1 a pound, just under the average for the past 2 years. Spreads are expected to average only slightly higher in 1985.

Sheep and Lambs

After rising for 4 years, commercial lamb and mutton production for all of 1984 is expected to be about the same as last year. Extreme drought conditions in the Edwards Plateau of Texas over the past 2 years caused a sharp liquidation of the breeding herd due to a lack of forage. Before the drought, this region accounted for nearly a fifth of U.S. sheep production. However, forage conditions have improved this fall. Lamb and mutton production in 1984 is forecast at 366 million pounds, compared with 367 million in 1983. In 1985, production is expected to total 320 million pounds, down 12 percent from 1984. The decline in production is due to herd liquidation in 1982-84 and some possible ewe lamb retention in 1985.

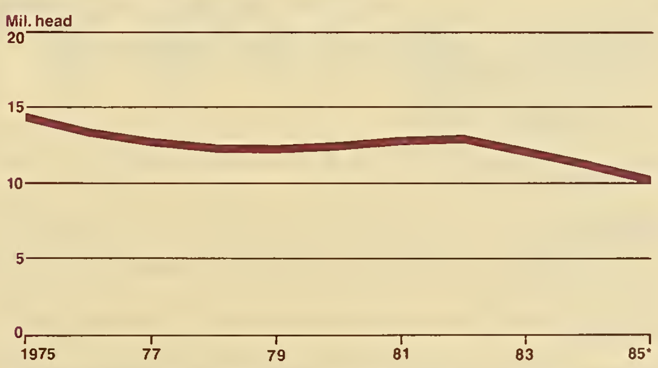
For all of 1984, commercial lamb and sheep slaughter may total about 6.65 million head, up 1 percent from 1983. The January 1, 1984, inventory of all sheep and lambs was down 5 percent from a year earlier. Because of extreme weather and poor forage conditions, the 1984 lambing rate (lambs per 100 ewes 1 year and older) is expected to be below 1983's 99 lambs. The potential lower lambing rate, along with other indicators, suggests a January 1, 1985 inventory of about 10 million head, down around 12 percent from a year earlier.

Table 14--Commercial sheep and lamb slaughter 1/ and production

Year	Lambs and year-lings	Mature sheep	Total 2/	Average dressed weight	Commer-cial produc-tion 2/
	1,000 head			Lb	Mil lb
1982:					
I	1,521	81	1,602	56	90
II	1,406	131	1,537	55	85
III	1,500	128	1,628	54	88
IV	1,555	127	1,681	55	93
Year	5,982	467	6,449	55	356
1983:					
I	1,533	91	1,624	57	93
II	1,441	135	1,576	56	89
III	1,597	142	1,739	54	94
IV	1,555	125	1,680	54	91
Year	6,126	493	6,619	55	367
1984: 3/					
I	1,611	104	1,715	57	98
II	1,544	162	1,706	54	92
III	1,513	146	1,659	53	88

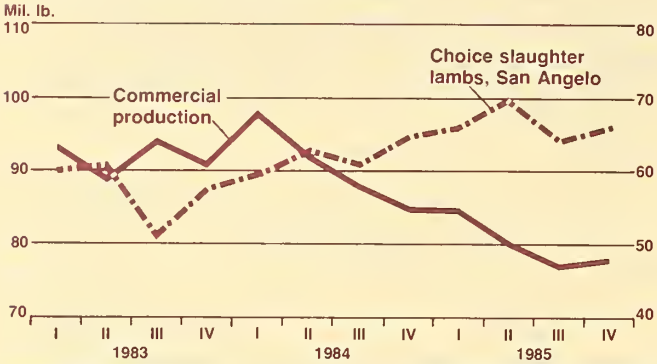
1/ Class estimated. 2/ May not add due to rounding. 3/ Preliminary.

January 1 Sheep Inventory



*Forecast.

Lamb Production and Prices



Fourth quarter 1984 and 1985 forecast.

Lamb Prices To Rise

Choice lamb prices at San Angelo in 1984 are expected to average $62 to $63 per cwt, compared with $58 in 1983. In 1985, Choice lamb prices are expected to average $64 to $69 per cwt. Second-quarter lamb prices may average the highest for the year—in the high $60's to low $70's. In the other quarters, prices may average in the mid $60's.

Consumption and Prices

Per capita red meat consumption in 1984 is expected to total about 143 pounds (retail-weight basis), down a pound from 1983. The decline occurred as pork consumption fell a pound from 1983's 62 pounds. Beef consumption remained steady at 79 pounds, while lamb and mutton, and veal each remained about unchanged at 1.5 pounds. In 1985, red meat consumption is expected to drop about 5 pounds to 138 pounds per capita, slightly below the 1982 level, when supply and demand conditions were more in balance. Beef may drop 4 pounds to 75 pounds and pork may drop another pound to 60. Veal and lamb and mutton consumption may drop a fraction of a pound. However, rising poultry supplies will be nearly offsetting, holding down price increase for red meats.

Red meat prices in 1985 may rise only moderately over 1984. The Bureau of Labor Statistics' total meat index rose less than 1 percent in 1984 and may rise only 3 to 5 percent in 1985. Largest year-to-year increases will occur in second-half 1985. However, this increase is likely to be near to slightly above the general inflation rate for the first time in several years.

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Table 15--Selected price statistics for meat animals and meat

Item			1984								
	Mar.	I	Apr.	May	June	II	July	Aug.	Sept.	III	Oct.
					Dollars per cwt						
SLAUGHTER STEERS:											
Omaha:											
Choice, 900-1100 lb	68.60	67.58	67.86	65.89	64.28	66.01	65.79	64.36	62.68	62.28	60.85
Good, 900-1100 lb	62.48	60.76	61.36	59.34	58.34	59.68	59.14	58.22	56.98	58.11	56.21
California, Choice 900-1100 lb	69.56	68.48	68.38	64.85	63.97	65.73	64.67	63.32	62.12	63.37	62.30
Colorado, Choice 900-1100 lb	70.08	69.10	69.61	66.64	65.49	67.25	66.43	64.64	62.78	64.62	62.15
Texas, Choice 900-1100 lb	71.00	69.64	70.09	67.31	65.31	67.57	66.22	64.54	62.60	64.45	62.14
SLAUGHTER HEIFERS:											
Omaha:											
Choice, 900-1100 lb	67.52	66.67	66.75	64.89	63.52	65.05	64.45	63.64	61.58	63.22	60.62
Good, 700-900 lb	61.49	59.99	60.28	59.14	58.40	59.27	59.11	57.59	57.26	57.99	56.25
COWS:											
Omaha:											
Commercial	44.31	39.83	43.85	42.79	42.91	43.18	42.24	41.83	39.80	41.29	39.89
Utility	44.01	38.99	42.88	42.17	42.16	42.40	41.48	40.86	39.20	40.51	38.57
Cutter	42.08	36.83	40.98	39.45	40.00	40.14	39.67	39.12	36.81	38.53	36.66
Canner	37.21	33.07	36.94	35.78	36.18	36.30	35.93	35.11	32.62	34.55	32.75
VEALERS:											
Choice, So. St. Paul	77.50	73.31	77.50	78.00	75.47	76.99	58.12	52.50	52.50	54.37	53.37
FEEDER STEERS: 1/											
Kansas City:											
Medium No. 1, 400-500 lb	72.08	70.26	71.56	70.15	67.82	69.84	66.21	65.92	66.70	66.28	67.36
Medium No. 1, 600-700 lb	67.42	66.31	67.51	65.70	62.70	65.30	63.80	64.04	63.98	63.94	65.06
All weights and grades	66.30	65.55	64.15	60.82	59.28	61.42	62.17	61.34	62.06	61.86	63.15
Amarillo:											
Medium No. 1, 600-700 lb	67.97	67.87	65.08	60.94	60.28	62.10	62.94	63.90	63.61	63.48	63.27
Georgia auctions:											
Medium No. 1, 600-700 lb	61.88	61.72	59.25	57.30	56.00	57.52	56.67	58.10	58.10	57.62	56.62
Medium No. 2, 400-500 lb	60.62	60.47	59.00	56.60	55.00	56.87	55.50	57.50	57.50	56.83	56.84
FEEDER HEIFERS:											
Kansas City:											
Medium No. 1, 400-500 lb	60.15	58.54	59.00	58.74	56.40	58.05	55.60	54.02	55.56	55.06	55.62
Medium No. 1, 600-700 lb*	60.28	59.42	58.60	57.56	55.12	57.09	55.72	55.82	58.27	56.60	56.84
SLAUGHTER HOGS:											
Barrows and gilts:											
Omaha:											
No. 1 & 2, 200-230 lb	47.94	48.66	49.13	48.50	51.53	49.72	54.63	52.63	47.87	51.71	45.50
All weights	47.07	47.71	48.31	47.77	49.75	48.61	53.57	52.14	47.08	50.93	44.54
Sioux City	47.36	48.06	48.69	48.22	50.04	48.98	54.25	52.57	47.86	51.56	45.01
7 markets 2/	46.83	47.68	48.30	48.06	50.36	48.91	54.04	52.26	47.33	51.21	44.50
Sows:											
7 markets 2/	45.66	44.97	46.03	43.95	43.45	44.48	44.32	44.29	39.96	41.86	40.07
FEEDER PIGS:											
No. 1 & 2, So. Mo., 40-50 lb (per hd.)	50.12	41.40	51.08	42.85	39.48	44.47	34.27	34.22	36.96	34.48	33.23

Continued--

Table 15--Selected price statistics for meat animals and meat--Continued

Item	Mar.	I	Apr.	May	June	II	July	Aug.	Sept.	III	Oct.
			1984								
	Dollars per cwt										
SLAUGHTER LAMBS:											
Lambs, Choice, San Angelo	58.50	59.29	65.88	63.50	59.88	63.09	59.83	58.62	64.75	61.07	64.75
Lambs, Choice, So. St. Paul	57.50	56.97	61.55	61.42	58.85	60.61	60.04	62.48	61.75	61.42	65.38
Ewes, Good, San Angelo	22.88	24.43	22.25	13.45	15.56	17.09	18.00	17.70	18.31	18.00	20.30
Ewes, Good, So. St. Paul	17.68	14.63	11.75	10.09	10.50	10.78	12.44	12.32	11.10	11.95	10.50
FEEDER LAMBS:											
Choice, San Angelo	60.00	59.88	65.75	57.00	53.12	58.62	54.25	57.81	59.56	57.21	65.17
Choice, So. St. Paul	55.20	56.17	53.75	52.50	52.50	52.92	53.28	53.50	58.15	54.98	57.40
FARM PRICES:											
Beef cattle	61.70	59.50	60.10	58.10	57.60	58.60	57.60	56.60	55.70	56.63	54.10
Calves	63.70	62.83	62.30	61.60	59.20	61.03	58.50	59.10	56.60	58.07	58.20
Hogs	45.80	46.57	47.50	47.80	49.00	48.10	52.00	50.40	46.30	49.57	43.60
Sheep	18.70	18.83	16.30	13.00	13.80	14.37	16.70	17.30	16.10	16.70	15.20
Lambs	58.20	59.13	60.60	59.50	57.50	59.20	58.60	61.00	61.80	60.47	62.40
MEAT PRICES:											
Wholesale:											
Central U.S. markets											
Steer beef, Choice, 600-700 lb	105.14	104.58	103.50	99.62	98.54	100.55	101.26	97.61	94.37	97.75	92.38
Heifer beef, Choice 500-600 lb	101.50	100.53	98.88	96.28	93.70	96.29	96.58	94.34	91.92	94.28	90.74
Cow beef, Canner and Cutter	83.62	77.90	80.51	75.85	76.25	77.54	75.88	75.07	70.75	73.90	70.27
Pork loins, 14-17 lb 4/	88.75	95.93	91.86	95.31	97.59	94.92	114.92	102.41	97.57	104.97	86.07
Pork bellies, 12-14 lb	56.04	58.58	58.28	57.38	67.12	60.93	64.75	62.17	58.00	61.64	52.80
Hams, skinned, 14-17 lb	78.00	72.41	77.52	74.44	72.03	74.66	73.46	78.22	75.78	75.82	79.38
East Coast:											
Lamb, Choice and Prime, 35-45 lb	131.71	132.00	135.00	137.00	127.54	133.18	132.32	134.90	145.83	137.68	134.88
Lamb, Choice and Prime, 55-65 lb	123.38	127.04	130.00	128.73	127.50	128.74	132.50	135.00	145.83	137.78	135.00
West Coast:											
Steer beef, Choice, 600-700 lb	108.30	107.72	107.85	101.10	97.69	102.21	100.50	98.80	96.94	98.75	96.50
	Cents per lb										
Retail:											
Beef, Choice	244.6	242.6	244.8	241.9	239.7	242.1	236.3	237.1	235.2	236.2	234.9
Pork	159.4	161.5	159.8	158.6	159.9	159.4	162.2	166.1	163.6	164.0	163.9
	1967=100										
Price indexes (BLS, 1967=100):											
Retail meats	268.8	268.4	268.9	267.9	266.8	267.9	267.3	269.9	268.0	268.4	267.1
Beef and veal	279.9	278.6	280.8	278.3	274.2	277.8	272.1	274.3	271.9	272.8	271.3
Pork	248.6	250.0	247.7	248.0	250.5	248.7	255.5	259.9	257.5	257.6	255.0
Other meats	265.1	264.2	264.6	265.7	267.5	265.9	268.0	268.4	268.7	268.4	270.0
Poultry	223.2	222.1	222.3	218.0	219.6	220.0	221.3	216.5	217.2	218.3	214.0
LIVESTOCK-FEED RATIOS, OMAHA 3/											
Beef steer-corn	21.1	21.6	20.4	19.7	19.1	19.7	20.4	20.7	21.3	20.8	22.5
Hog-corn	14.5	15.3	14.5	14.3	14.8	14.5	16.6	16.8	16.0	16.5	16.4

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 4/ Prior to January 1984 prices are 8-14 pounds.

Table 16--Selected marketings, slaughter, and stock statistics for meat animals and meat

Item	1984									
	I	Apr.	May	June	II	July	Aug.	Sept.	III	Oct.
FEDERALLY INSPECTED:	1,000 head									
Slaughter										
Cattle	8,741	2,728	3,169	3,062	8,959	2,996	3,260	2,903	9,159	3,313
Steers	4,206	1,338	1,565	1,507	4,410	1,381	1,470	1,316	4,167	1,440
Heifers	2,396	729	861	843	2,433	896	959	852	2,707	999
Cows	1,983	600	674	642	1,916	652	755	670	2,077	804
Bulls and stags	157	61	70	69	200	67	76	65	208	71
Calves	753	226	233	218	677	255	292	245	792	282
Sheep and lambs	1,674	592	558	500	1,650	511	561	528	1,600	588
Hogs	21,116	6,953	7,153	6,392	20,498	5,800	6,627	6,439	18,866	7,908
	Percent									
Percentage sows	4.7	4.3	4.5	5.3	4.7	6.3	6.5	5.4	6.1	5.1
Average live wt per head:	Pounds									
Cattle	1,077	1,073	1,068	1,064	1,068	1,059	1,065	1,072	1,065	1,079
Calves	220	225	237	241	234	224	216	220	220	228
Sheep and lambs	115	113	110	108	110	107	108	107	107	111
Hogs	241	243	245	247	245	245	243	242	243	244
Average dressed wt:										
Beef	629	628	630	628	629	625	628	633	629	635
Veal	134	136	145	147	143	136	132	134	134	139
Lamb and mutton	57	57	55	54	55	53	53	53	53	55
Pork	172	173	175	176	175	174	173	172	173	174
Production:										
Beef	5,479	1,708	1,989	1,917	5,614	1,865	2,039	1,831	5,735	2,095
Veal	99	31	33	31	95	34	38	32	104	39
Lamb and mutton	96	33	31	27	91	27	30	28	85	32
Pork	3,624	1,200	1,246	1,123	3,569	1,008	1,140	1,106	3,254	1,372
COMMERCIAL: 1/	1,000 head									
Slaughter:										
Cattle	9,168	2,854	3,300	3,187	9,341	3,126	3,394	3,039	9,559	2,095
Calves	817	249	255	242	746	275	314	267	856	308
Sheep and Lambs	1,715	616	574	517	1,707	529	583	547	1,659	608
Hogs	21,802	7,161	7,366	6,594	21,120	6,002	6,844	6,646	19,492	8,150
Production:	Million lbs									
Beef	5,708	1,776	2,059	1,984	5,819	1,935	2,111	1,903	5,949	2,181
Veal	115	36	39	38	113	39	44	39	122	45
Lamb and mutton	98	34	31	27	92	28	31	29	88	33
Pork	3,737	1,233	1,281	1,156	3,670	1,040	1,175	1,139	3,354	1,411
COLD STORAGE STOCKS END OF QUARTER: 2/ 3/	Million lbs									
Beef	326	325	313	303	303	302	290	320	320	323
Veal	10	10	8	8	8	8	8	8	8	10
Lamb and mutton	8	9	9	8	8	8	7	9	9	9
Pork	351	390	438	405	405	345	269	257	257	271
Total meat	695	734	768	724	724	663	574	594	594	613

1/ Federally inspected and other commercial. 2/ Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Stock levels end of quarter or month.

Table 17--Selected foreign trade, by months

Item	1984								
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Million lbs								
Imports (carcass weight):									
Beef	168.18	151.62	150.66	164.42	115.53	91.06	175.67	176.18	161.86
Veal	4.31	2.61	2.64	1.48	1.24	1.07	1.20	.92	.77
Pork	67.66	64.52	69.69	90.20	88.05	73.56	95.49	82.75	81.57
Lamb and mutton	.85	.44	1.90	3.25	1.66	.84	1.43	1.33	3.13
Exports (carcass weight):									
Beef	26.58	26.96	36.50	25.28	24.95	20.31	24.19	31.65	30.77
Veal	.24	.43	.46	.27	.52	.53	.70	.47	.50
Pork	16.97	14.83	17.23	18.63	15.71	10.99	11.64	10.39	9.44
Lamb and mutton	.10	.21	.14	.14	.17	.16	.13	.20	.17
Shipments (carcass weight):									
Beef	2.98	4.32	3.51	3.97	4.20	4.98	5.18	4.64	4.37
Veal	.14	.09	.30	.06	.10	.04	.00	.21	.14
Pork	10.00	10.90	17.98	10.29	13.79	11.03	12.87	11.16	12.37
Lamb and mutton	.18	.04	.25	.10	.34	.38	.29	.34	.22
	Number								
Live animal imports:									
Cattle	128,019	116,603	97,858	63,313	48,801	31,726	54,972	36,988	48,096
Hogs	92,407	87,962	94,035	114,760	97,358	117,160	137,082	120,698	90,282
Sheep and lambs	444	490	20	9	27	462	2,954	4,850	2,368
Live animal exports:									
Cattle	3,561	3,012	2,218	3,873	6,330	5,763	7,021	4,661	5,938
Hogs	859	1,147	625	428	1,005	1,722	403	1,700	1,079
Sheep and lambs	25,770	15,075	24,208	35,206	17,506	33,241	30,644	23,311	24,612

Table 18--Imports of feeder cattle, calves, and hogs from Canada and Mexico

Year and country	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
							Number						
1982													
Feeder cattle and calves													
Canada	21,482	22,123	47,488	59,974	55,570	35,666	26,099	30,687	36,790	42,952	66,601	41,338	486,770
Mexico	15,708	18,613	31,895	64,559	78,933	40,416	21,079	16,277	47,488	995	65,873	107,841	509,677
Hogs													
Canada	12,595	26,517	36,372	18,413	14,088	17,459	21,166	19,183	25,298	24,842	41,752	37,248	294,933
1983													
Feeder cattle and calves													
Canada	29,719	24,215	40,174	42,332	41,194	30,799	22,212	17,842	22,489	26,168	28,144	24,336	349,624
Mexico	31,523	22,411	21,664	15,741	81,320	122,502	51,981	63,347	36,417	1,994	8,004	104,761	561,665
Hogs													
Canada	68,538	34,033	40,956	39,764	27,222	32,905	30,241	42,253	37,818	30,374	31,200	32,087	447,391
1984													
Feeder cattle and calves													
Canada	13,812	22,425	20,074	35,117	34,211	29,376	39,468	35,872	36,866				
Mexico	113,941	93,891	70,948	27,318	14,051	1,799	15,055	415	10,896				
Hogs													
Canada	92,407	87,962	94,035	114,760	97,358	117,160	137,082	120,698	90,282				

Table 19--Average retail price of specified meat cuts, per pound, by months

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
						Dollars						
CHOICE BEEF:												
Ground chuck												
1982	1.79	1.80	1.77	1.77	1.78	1.82	1.79	1.76	1.77	1.75	1.74	1.75
1983	1.75	1.77	1.76	1.77	1.78	1.77	1.72	1.72	1.69	1.69	1.68	1.68
1984	1.72	1.74	1.75	1.75	1.75	1.72	1.69	1.69	1.68	1.69		
Ground beef												
1984	1.29	1.34	1.31	1.33	1.30	1.27	1.25	1.28	1.27	1.25		
Chuck roast, bone in												
1982	1.77	1.81	1.77	1.80	1.78	1.86	1.84	1.80	1.80	1.74	1.76	1.76
1983	1.75	1.78	1.79	1.85	1.85	1.76	1.74	1.69	1.71	1.62	1.62	1.65
1984	1.75	1.78	1.75	1.74	1.70	1.62	1.59	1.59	1.62	1.62		
Round roast, boneless												
1982	2.58	2.62	2.61	2.65	2.72	2.77	2.71	2.62	2.62	2.56	2.58	2.59
1983	2.60	2.59	2.57	2.67	2.65	2.59	2.58	2.50	2.46	2.48	2.50	2.45
1984	2.62	2.69	2.68	2.68	2.61	2.53	2.47	2.52	2.52	2.52		
Rib roast, bone in												
1982	3.12	3.07	3.07	3.07	3.20	3.36	3.39	3.36	3.31	3.25	3.19	3.21
1983	3.19	3.18	3.12	3.26	3.33	3.30	3.30	3.33	3.26	3.23	3.19	3.20
1984	3.45	3.44	3.42	3.35	3.39	3.37	3.38	3.32	3.22	3.26		
Round steak, boneless												
1982	2.88	2.84	2.90	2.95	2.99	3.14	3.02	2.96	3.00	2.93	2.94	2.90
1983	2.92	2.94	2.91	2.96	3.04	2.95	2.94	2.85	2.81	2.82	2.83	2.81
1984	2.93	2.96	2.98	2.96	2.90	2.90	2.83	2.89	2.87	2.89		
Sirloin steak, bone in												
1982	2.88	2.92	2.92	3.05	3.16	3.36	3.36	3.23	3.20	2.96	2.88	2.78
1983	2.84	2.94	2.95	3.10	3.20	3.23	3.22	3.18	3.11	3.00	2.98	2.92
1984	2.89	3.06	3.09	3.18	3.09	3.17	3.18	3.11	3.09	2.98		
Chuck steak, bone in												
1982	1.74	1.78	1.82	1.82	1.87	1.84	1.84	1.89	1.84	1.77	1.76	1.80
1983	1.79	1.82	1.83	1.86	1.81	1.74	1.74	1.68	1.70	1.74	1.68	1.72
1984	1.75	1.80	1.78	1.78	1.72	1.65	1.59	1.63	1.62	1.68		
T-Bone steak, bone in												
1982	3.62	3.59	3.61	3.77	3.90	4.11	4.13	4.05	3.94	3.79	3.69	3.56
1983	3.62	3.70	3.71	3.76	3.89	3.97	3.97	3.93	3.79	3.68	3.82	3.68
1984	3.83	3.86	3.86	3.98	3.93	4.06	4.06	4.02	3.95	3.91		
Porterhouse steak, bone in												
1982	3.76	3.77	3.71	3.78	4.09	4.18	4.22	4.11	4.10	3.85	3.77	3.65
1983	3.74	3.66	3.81	3.92	3.90	4.12	4.09	4.11	3.94	3.78	3.66	3.79
1984	3.76	3.91	4.06	4.04	4.10	4.18	4.16	4.21	4.11	3.98		
PORK												
Bacon, sliced												
1982	1.75	1.81	1.82	1.89	1.98	2.07	2.10	2.20	2.36	2.33	2.19	2.13
1983	2.12	2.15	2.07	2.00	1.95	1.91	1.92	1.88	1.91	1.86	1.77	1.76
1984	1.81	1.88	1.80	1.80	1.82	1.83	1.90	1.90	1.89	1.90		
Chops, center cut												
1982	2.20	2.21	2.18	2.25	2.33	2.43	2.50	2.51	2.54	2.53	2.52	2.43
1983	2.48	2.53	2.46	2.43	2.42	2.33	2.36	2.35	2.32	2.30	2.28	2.24
1984	2.41	2.36	2.34	2.35	2.28	2.37	2.43	2.52	2.40	2.37		

Continued--

Table 19--Average retail price of specified meat cuts, per pound, by months--Continued

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Dollars											
Ham, rump or shank half												
1982	1.38	1.35	1.40	1.32	1.39	1.43	1.43	1.41	1.53	1.56	1.58	1.63
1983	1.60	1.55	1.58	1.43	1.32	1.32	1.34	1.32	1.31	1.28	1.25	1.31
1984	1.33	1.32	1.32	1.30	1.28	1.28	1.27	1.32	1.35	1.37		
Ham, rump portion												
1982	1.25	1.28	1.31	1.26	1.34	1.30	1.38	1.37	1.45	1.55	1.54	1.58
1983 1/	1.57	1.45	1.50	1.36	1.38	1.34	1.25	1.34	1.31	1.36	1.30	1.37
Ham, shank portion												
1982	1.12	1.13	1.15	1.11	1.23	1.22	1.27	1.30	1.34	1.47	1.44	1.44
1983 1/	1.46	1.31	1.36	1.14	1.18	1.14	1.15	1.17	1.13	1.20	1.15	1.18
Shoulder roast, blade Boston												
1982	1.42	1.46	1.46	1.40	1.48	1.57	1.69	1.72	1.77	1.71	1.74	1.65
1983 1/	1.69	1.63	1.60	1.63	1.49	1.52	1.53	1.47	1.46	1.39	1.42	1.37
Sirloin roast, bone in												
1982	1.59	1.60	1.62	1.65	1.69	1.76	1.82	1.80	1.82	1.81	1.80	1.75
1983	1.78	1.79	1.76	1.69	1.69	1.70	1.64	1.68	1.66	1.60	1.57	1.52
1984	1.67	1.67	1.65	1.66	1.61	1.64	1.66	1.73	1.66	1.62		
Shoulder picnic, bone in												
1982	1.10	1.09	1.08	1.12	1.11	1.14	1.18	1.19	1.22	1.20	1.18	1.18
1983	1.17	1.15	1.13	1.09	1.06	1.03	1.03	.99	.98	.98	1.00	.98
1984	1.04	1.03	.98	1.03	1.02	.98	.98	.98	.99	1.01		
Sausage, fresh, pork, loose												
1982	1.72	1.76	1.79	1.79	1.82	1.89	1.95	1.96	2.01	1.99	1.94	1.92
1983	1.95	1.97	1.96	1.95	1.97	1.97	1.87	1.84	1.77	1.76	1.73	1.72
1984	1.66	1.72	1.68	1.66	1.72	1.74	1.72	1.76	1.72	1.74		
MISCELLANEOUS CUTS												
Ham, canned, 3 or 5 lbs												
1982	2.56	2.59	2.57	2.54	2.60	2.62	2.66	2.66	2.67	2.75	2.80	2.82
1983	2.87	2.87	2.88	2.83	2.76	2.69	2.65	2.58	2.58	2.61	2.54	2.55
1984	2.59	2.59	2.58	2.53	2.55	2.54	2.52	2.54	2.57	2.60		
Frankfurters, all meat												
1982	1.76	1.76	1.74	1.75	1.78	1.83	1.86	1.87	1.87	1.88	1.86	1.84
1983	1.84	1.84	1.86	1.84	1.83	1.80	1.81	1.81	1.76	1.77	1.76	1.76
1984	1.76	1.80	1.81	1.78	1.80	1.81	1.80	1.81	1.81	1.82		
Bologna												
1982	2.08	2.09	2.15	2.16	2.18	2.25	2.29	2.28	2.23	2.27	2.30	2.24
1983	2.21	2.18	2.21	2.23	2.22	2.25	2.17	2.14	2.12	2.14	2.14	2.11
1984	2.07	2.09	2.12	2.10	2.13	2.15	2.16	2.14	2.17	2.15		
Beef liver												
1982	1.00	1.02	1.05	1.05	1.04	1.03	1.04	1.01	.99	1.00	.99	.99
1983	.98	.94	.96	.93	1.02	1.01	1.00	1.00	.96	.94	.95	.96
1984	.96	.96	.96	.98	.97	.98	.99	1.00	1.00	.99		

1/ The Bureau of Labor Statistics discontinued this series after December 1983 due to declines in the sample size.

Table 20--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share 1/

Year	Retail price 2/	Gross carcass value 3/	Carcass by-product allowance 4/	Net carcass value 5/	Gross farm value 6/	Farm by-product allowance 7/	Net farm value 8/	Farm-retail spread: Total	Farm-retail spread: Carcass-retail	Farm-retail spread: Farm-carcass	Farmers' share 9/
	Cents per lb										Percent
1979	226.3	153.3	2.8	150.5	163.4	22.6	140.8	85.5	75.8	9.7	62
1980	237.6	157.7	2.3	155.4	161.9	16.9	145.0	92.6	82.2	10.4	61
1981 10/	238.7	151.5	2.1	149.3	154.5	16.0	138.5	100.2	89.4	10.8	58
1982	242.5	152.8	2.1	150.7	155.5	15.0	140.5	102.0	91.8	10.2	58
1983	238.1	147.4	2.0	145.4	151.8	15.6	136.2	101.9	92.7	9.2	57
1983											
III	238.4	142.8	2.1	140.7	147.0	16.5	130.5	107.9	97.7	10.2	55
IV	231.1	142.0	2.0	140.0	147.4	16.8	130.7	100.4	91.1	9.3	57
1984											
I	242.6	157.2	2.8	154.3	164.5	18.5	146.0	96.6	88.3	8.3	60
II	242.1	151.2	3.1	148.1	159.8	19.8	140.0	102.1	94.0	8.1	58
III	236.2	146.7	2.8	143.9	155.2	18.7	136.5	99.7	92.3	7.4	58
1984											
Jan.	239.3	158.7	2.8	155.9	164.1	18.0	146.1	93.2	83.4	9.8	61
Feb.	243.9	154.8	2.7	152.1	162.8	18.3	144.5	99.4	91.8	7.6	59
Mar.	244.6	158.0	3.0	155.0	166.7	19.2	147.5	97.1	89.6	7.5	60
Apr.	244.8	155.8	2.9	152.9	164.9	19.4	145.5	99.3	91.9	7.4	59
May	241.9	150.7	3.8	146.9	158.6	20.8	137.8	104.1	95.0	9.1	57
June	239.7	147.1	2.7	144.4	155.9	19.2	136.7	103.0	95.3	7.7	57
July	236.3	151.3	2.8	148.5	159.3	18.4	140.9	95.4	87.8	7.6	60
Aug.	237.1	146.6	2.6	144.0	155.8	18.8	137.0	100.1	93.1	7.0	58
Sept.	235.2	142.2	2.9	139.3	150.4	18.8	131.6	103.6	95.9	7.7	56
Oct.	234.9	139.6	3.0	136.6	148.3	18.1	130.2	104.7	98.3	6.4	55

1/ Revised series. 2/ Estimated weighted-average price of retail cuts from Choice Yield Grade 3 carcass. 3/ Value of carcass-quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.464 was used prior to 1970; it was increased gradually to 1.476 in 1976 and later years. 4/ Portion of gross carcass value attributed to fat and bone trim. 5/ Gross carcass value minus carcass byproduct allowance. 6/ Market value to producer for 2.4 lb of live animal, equivalent to 1 lb of retail cuts. 7/ Portion of gross farm value attributed to edible and inedible byproducts. 8/ Gross farm value minus farm byproduct allowance. 9/ Percent net farm value is of retail price. 10/ ERS data through May 1981, BLS series since.

Table 21--Pork: Retail, wholesale, and farm values, spreads, and farmers' share 1/

Year	Retail price 2/	Wholesale value 3/	Gross farm value 4/	Byproduct allowance 5/	Net farm value 6/	Farm-retail spread: Total	Farm-retail spread: Wholesale-retail	Farm-retail spread: Farm-wholesale	Farmers' share 7/
	Cents per lb								Percent
1979	144.1	100.4	72.2	5.6	66.6	77.5	43.7	33.8	46
1980	139.4	98.0	68.3	5.1	63.2	76.2	41.4	34.8	45
1981 8/	152.4	106.7	75.5	5.2	70.3	82.1	45.7	36.4	46
1982	175.4	121.8	94.3	6.3	88.0	87.4	53.6	33.8	50
1983	169.8	108.9	81.4	4.9	76.5	93.3	60.9	32.4	45
1983									
III	165.4	105.6	79.6	5.0	74.7	90.7	59.8	30.9	45
IV	159.8	103.8	72.8	4.3	68.5	91.3	56.0	35.3	43
1984									
I	161.5	108.6	81.3	5.6	75.7	85.8	52.9	33.0	47
II	159.4	109.5	83.3	6.1	77.2	82.2	49.9	32.3	48
III	164.0	115.2	87.2	6.0	81.2	82.8	48.8	34.0	50
1984									
Jan.	162.2	112.9	84.8	5.5	79.3	82.9	49.3	33.6	49
Feb.	162.9	109.2	79.0	5.4	73.6	89.3	53.7	35.6	45
Mar.	159.4	103.8	80.1	6.0	74.1	85.3	55.6	29.7	46
Apr.	159.8	107.1	82.1	6.1	76.0	83.8	52.7	31.1	48
May	158.6	110.6	81.7	6.1	75.6	83.0	48.0	35.0	48
June	159.9	110.8	86.1	6.1	80.0	79.9	49.1	30.8	50
July	162.2	117.9	92.1	6.2	85.9	76.3	44.3	32.0	53
Aug.	166.1	115.9	88.9	6.3	82.6	83.5	50.2	33.3	50
Sept.	163.6	111.7	80.6	5.6	75.0	88.6	51.9	36.7	46
Oct.	163.9	101.3	75.8	5.7	70.1	93.8	62.6	31.2	43

1/ Revised series. 2/ Estimated weighted-average price of retail cuts from pork carcass. 3/ Value of wholesale quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.06 is used for all years. 4/ Market values to producer for 1.7 lb of live animal, equivalent to 1 lb of retail cuts. 5/ Portion of gross farm value attributable to edible and inedible byproducts. 6/ Gross farm value minus byproduct allowance. 7/ Percent net farm value is of retail price. 8/ ERS data through May 1981, BLS series since.

Table 22--Total red meat supply and utilization by quarters, carcass and retail weight, 1982-85 1/

Year	Commercial production	Farm production	Beginning stocks	Imports	Total supply	Exports	Shipments	Military purchases	Ending stocks	Total disappearance	Per capita disappearance: Carcass weight	Per capita disappearance: Retail weight	Population
				- - - - Million lbs - - - -							- - Lb. - -		Mil.
BEEF:													
1982	25,366	170	257	1,939.18	24,732.18	249.74	55.30	135	294	23,988.13	104.28	77.17	231.10
1983	23,060	183	294	1,931.07	25,468.07	272.10	40.23	121	325	24,709.74	106.38	78.72	232.30
1984 2/													
I	5,708	61	326	470.46	6,564.46	90.04	10.81	24	326	6,113.61	26.16	19.36	233.70
II	5,819	26	326	371.01	6,542.01	70.54	13.15	36	303	6,119.32	26.13	19.34	234.20
III	5,949	26	303	513.71	6,791.71	86.61	14.19	27	320	6,343.91	27.03	20.00	234.70
Year 3/	23,477	175	325	1,800.00	25,777.00	330.00	54.00	112	325	24,956.00	106.40	78.80	234.50
1985 3/	22,575	175	325	1,825.00	24,900.00	365.00	60.00	100	300	24,075.00	101.70	75.20	236.80
PORK:													
1982	14,121	108	264	612.11	15,105.11	214.29	151.16	96	219	14,424.66	62.68	59.03	231.10
1983	15,117	82	219	701.61	16,119.61	219.32	141.60	89	301	15,368.69	66.15	62.19	232.30
1984 2/													
I	3,737	29	301	201.87	4,268.87	49.03	38.88	20	351	3,809.96	16.30	15.33	233.70
II	3,670	12	351	251.81	4,284.81	45.33	35.11	28	405	3,771.37	16.11	15.14	234.20
III	3,354	12	405	259.81	4,030.81	31.47	36.40	21	257	3,684.94	15.70	14.76	234.70
Year 3/	14,636	82	301	925.00	15,944.00	165.00	142.00	88	300	15,248.00	65.00	61.00	234.50
1985 3/	14,575	82	300	900.00	15,857.00	150.00	140.00	80	275	15,212.00	64.20	60.40	236.80
LAMB AND MUTTON:													
1982	356	9	11	18.67	394.67	1.72	2.42	1	9	380.52	1.65	1.66	231.10
1983	367	8	9	18.77	402.77	1.45	2.22	0	11	388.10	1.66	1.48	232.30
1984 3/													
I	98	3	11	3.19	115.19	.45	.47	0	8	106.27	.45	.40	233.70
II	92	2	8	5.75	107.75	.47	.82	0	8	98.46	.42	.37	234.20
III	88	2	8	5.89	103.89	.50	.85	0	9	93.54	.40	.36	234.70
Year 3/	366	10	11	20.00	407.00	3.00	1.00	1	9	393.00	1.70	1.50	234.50
1985 3/	320	10	9	20.00	359.00	3.00	2.00	1	9	344.00	1.50	1.30	236.80
VEAL:													
1982	423	25	9	18.76	475.76	3.80	1.47	6	7	457.49	1.98	1.64	231.10
1983	428	25	7	18.55	478.55	4.06	1.09	7	9	457.40	1.97	1.64	232.30
1984 2/													
I	115	8	9	9.56	141.56	1.13	.53	0	10	129.90	.56	.46	233.70
II	113	4	10	3.79	130.79	1.32	.20	1	8	120.27	.52	.43	234.20
III	122	4	8	2.89	136.89	1.67	.35	1	8	125.87	.54	.45	234.70
Year 3/	466	24	9	20.00	519.00	5.00	1.00	5	7	502.00	2.10	1.80	234.50
1985 3/	385	24	7	20.00	436.00	4.00	0.00	7	7	418.00	1.77	1.57	236.80
TOTAL RED MEAT:													
1982	37,264	312	541	2,588.72	40,707.71	469.56	210.35	238	529	39,260.79	170.59	139.35	231.10
1983	38,972	298	529	2,670.00	42,469.00	496.93	185.14	217	646	40,923.93	176.16	144.02	232.30
1984 2/													
I	9,658	101	646	685.08	11,090.08	140.65	50.69	44	695	10,159.74	43.48	35.55	233.70
II	9,694	44	695	632.36	11,065.36	117.66	49.28	65	724	10,109.42	43.17	35.28	234.20
III	9,513	44	724	782.30	11,063.30	120.25	51.79	49	594	10,248.26	43.66	35.58	234.70
Year 3/	38,945	291	646	2,765.00	42,647.00	503.00	198.00	206	641	40,099.00	175.20	143.10	234.50
1985 3/	37,855	291	641	2,765.00	41,552.00	522.00	202.00	188	591	40,049.00	168.10	138.40	236.80

1/ Totals may not add because of rounding. 2/ Preliminary. 3/ Forecast.

Table 23--Young chicken supply and utilization, 1983-85 1/

Year	Total production 2/	Beginning stocks	Total supply	Ending stocks	Exports and shipments	Military	Civilian disappearance	
							Total	Per capita
	Million pounds							Pounds 3/
1983 4/								
I	3,062.3	22.3	3,084.6	20.9	147.0	7.8	2,908.9	12.6
II	3,275.8	20.9	3,296.7	20.8	141.8	8.8	3,125.3	13.5
III	3,138.5	20.8	3,159.3	26.0	132.0	9.2	2,992.0	12.9
IV	2,923.8	26.0	2,949.8	21.2	142.7	7.1	2,778.7	11.9
Year	12,400.4	22.3	12,422.7	21.2	563.6	33.0	11,804.9	50.8
1984 4/								
I	3,088.4	21.2	3,109.6	14.4	124.2	6.7	2,964.4	12.7
II	3,352.2	14.4	3,366.6	17.4	127.1	10.7	3,211.4	13.7
III	3,335.7	17.4	3,353.1	18.2	145.2	9.1	3,180.7	13.6
IV								
Year 5/	12,767.0	21.2	12,788.0	20.0	534.0	38.0	12,196.0	52.0
1985								
I								
II								
III								
IV								
Year 5/	13,362.0	20.0	13,382.0	20.0	510.0	37.0	12,815.0	54.1

1/ Totals may not add because of rounding. 2/ Total production is estimated by multiplying the Federally inspected slaughter by the ratio of the annual total production to the annual Federally inspected slaughter. The ratio for 1984-85 is the same as in 1983. 3/ Calculated from unrounded data. 4/ Preliminary. 5/ Projected.

Table 24--Mature chicken supply and utilization, 1983-85 1/

Year	Total production 2/	Beginning stocks	Total supply	Ending stocks	Exports and shipments	Military	Civilian disappearance	
							Total	Per capita
	Million pounds							Pounds 3/
1983 4/								
I	207.0	112.7	319.7	115.2	5.3	2.0	197.2	.9
II	188.5	115.2	303.7	123.2	7.2	.4	172.8	.7
III	170.7	123.2	293.9	113.0	8.6	.5	171.8	.7
IV	149.2	113.0	262.2	91.6	6.7	.3	163.6	.7
Year	715.4	112.7	828.1	91.6	27.9	3.2	705.5	3.0
1984 4/								
I	161.1	91.6	252.7	92.4	5.8	.4	154.1	.7
II	193.2	92.4	285.7	104.5	6.7	.7	173.8	.7
III	186.5	104.5	291.0	111.6	7.9	.5	170.9	.7
IV								
Year 5/	690.0	91.6	781.0	110.0	23.0	1.0	646.0	2.8
1985								
I								
II								
III								
IV								
Year 5/	771.0	110.0	881.0	110.0	20.0	1.0	750.0	3.2

1/ Totals may not add because of rounding. 2/ Total production is estimated by multiplying the Federally inspected slaughter by the ratio of the annual total production to the annual Federally inspected slaughter. The ratio for 1984-85 is the same as in 1983. 3/ Calculated from unrounded data. 4/ Preliminary. 5/ Projected.

Table 25.--Turkey supply and utilization, 1983-85 1/

Year	Total production 2/	Beginning stocks	Total supply	Ending stocks	Exports and shipments	Military	Civilian disappearance	
							Total	Per capita 3/
	Million pounds							Pounds
1983 4/								
I	474.7	203.9	678.6	185.3	11.8	2.2	479.3	2.1
II	597.3	185.3	782.6	255.7	11.4	3.3	512.2	2.2
III	781.5	255.7	1,037.2	432.2	14.5	5.3	585.2	2.5
IV	780.2	432.2	1,212.4	161.8	16.2	2.6	1,031.8	4.4
Year	2,633.7	203.9	2,837.6	161.8	53.8	13.4	2,608.5	11.2
1984 4/								
I	444.1	161.8	605.9	149.4	5.8	1.7	449.0	1.9
II	605.3	149.4	754.6	226.3	6.0	3.9	518.3	2.2
III	795.8	226.30	1,022.1	390.6	7.5	4.4	619.6	2.6
IV								
Year 5/	2,565.0	161.8	2,726.0	150.0	36.0	16.0	2,524.0	10.8
1985								
I								
II								
III								
IV								
Year 5/	2,702.0	150.0	2,852.0	175.0	42.0	17.0	2,618.0	11.1

1/ Totals may not add because of rounding. 2/ Total production is estimated by multiplying the Federally inspected slaughter by the ratio of the annual total production to the annual Federally inspected slaughter. The ratio used in 1984-85 is the same as in 1983. 3/ Calculated from unrounded data. 4/ Preliminary. 5/ Projected.

Table 26--Total red meat and poultry supply and utilization, 1982-85 1/

Year	Total production	Beginning stocks	Imports	Total supply	Exports and shipments	Military	Ending stocks	Total civilian disappearance	Per capita disappearance
	Million pounds								Pounds
1982									
Year	53,003	929	2,589	56,520	1,410	286	868	53,956	203.3
1983 2/									
I	13,054	868	720	14,642	322	64	870	13,386	50.1
II	13,620	870	704	15,194	339	74	950	13,830	51.8
III	14,013	950	717	15,679	309	71	1,066	14,233	52.9
IV	14,333	1,067	530	15,930	359	57	921	14,593	54.5
Year	55,019	868	2,670	58,557	1,328	267	921	56,042	209.2
1984 2/									
I	13,454	921	685	15,060	326	53	951	13,730	50.8
II	13,888	951	633	15,472	306	80	1,072	14,014	51.9
III	13,876	1,072	783	15,732	334	63	1,113	14,222	52.5
Year 3/	55,538	921	2,765	59,224	1,308	259	921	56,736	209.8
1985 3/									
Year	55,316	921	2,765	59,002	1,271	243	921	56,567	208.2

1/ Totals may not add due to rounding. 2/ Preliminary. 3/ Forecast.

Table 27--Expenditures per person for red meat and poultry 1/

Year and qtr.	Beef		Pork		Red meat		Broilers		Turkeys		Poultry		Total 2/	
	$	% of income	$	% of income	$	% of income	$	% of income	$	% of income	$	% of income	$	% of income
1979	176.51	2.41	92.08	1.26	268.59	3.66	32.29	0.44	8.73	0.12	41.02	0.56	309.62	4.23
1980	181.76	2.26	95.07	1.18	276.83	3.45	35.96	0.45	9.32	0.12	45.28	0.56	322.11	4.01
1981	184.52	2.07	99.06	1.11	283.58	3.18	34.48	0.39	10.45	0.12	44.93	0.50	328.51	3.69
1982	187.45	2.00	103.66	1.11	291.11	3.10	34.20	0.36	9.91	0.11	44.11	0.47	335.22	3.57
1983														
I	45.68	1.89	26.54	1.10	72.21	2.99	8.82	0.37	1.93	0.08	10.75	0.45	82.96	3.44
II	47.30	1.92	26.18	1.06	73.48	2.99	9.33	0.38	2.04	0.08	11.37	0.46	84.85	3.45
III	48.87	1.94	25.47	1.01	74.34	2.95	9.62	0.38	2.29	0.09	11.91	0.47	86.26	3.43
IV	45.53	1.77	27.01	1.05	72.53	2.81	9.21	0.36	4.00	0.16	13.21	0.51	85.74	3.33
Year	187.38	1.88	105.62	1.06	293.00	2.94	37.06	0.37	10.27	0.10	47.33	0.47	340.33	3.41
1984														
I	47.06	1.77	24.71	0.93	71.77	2.70	10.86	0.41	1.79	0.07	12.65	0.48	84.42	3.18
II	46.73	1.73	24.07	0.89	70.79	2.62	11.36	0.42	2.13	0.08	13.49	0.50	84.28	3.12
III	47.24	1.72	24.27	0.88	71.51	2.60	10.98	0.40	2.64	0.10	13.62	0.50	85.13	3.10

1/ Red meat includes beef and pork only; poultry includes broilers and turkeys only.
2/ Total includes beef, pork, broilers, and turkeys only.

Table 28--CPI meat prices, and relationship of individual meat indexes to index for meat, poultry, fish, and eggs

Year	Indexes					Percent of meat, poultry, fish and eggs index			
	Meat, poultry, fish & eggs	Beef and veal	Pork	Poultry	Eggs	Beef and veal	Pork	Poultry	Eggs
	1967 = 100					Percent			
1970	117.3	119.5	115.9	108.4	125.6	102	99	92	107
1971	116.2	124.9	105.0	109.0	108.4	107	90	94	93
1972	126.4	136.6	121.6	110.4	107.7	108	96	87	85
1973	160.4	163.8	161.7	154.8	160.2	102	101	97	100
1974	163.7	168.5	161.0	146.9	160.8	103	98	90	98
1975	176.4	170.0	196.9	162.4	157.8	96	112	92	89
1976	178.9	164.5	199.5	155.7	172.4	92	112	87	96
1977	177.5	163.6	188.8	156.7	166.9	92	106	88	94
1978	204.3	201.0	213.1	172.9	157.8	98	104	85	77
1979	234.2	255.8	216.4	181.5	172.8	109	92	77	74
1980	242.2	270.3	209.1	190.8	169.7	112	86	79	70
1981	252.8	272.6	228.6	198.6	183.8	108	90	79	73
1982	262.1	276.5	258.1	195.1	178.7	105	98	74	68
1983	261.0	272.3	255.8	197.5	187.1	104	98	76	72
1984									
Jan.	268.9	274.9	250.8	217.5	266.5	102	93	81	99
Feb.	273.0	280.9	250.6	225.5	270.3	103	92	83	99
Mar.	269.6	279.9	248.6	223.2	237.2	104	92	83	88
1st qtr.	270.5	278.6	250.0	222.1	258.0	103	92	82	95
Apr.	270.5	280.8	247.7	222.3	249.6	104	92	82	92
May	266.7	278.3	248.0	218.0	218.9	104	93	82	82
June	263.9	274.2	250.5	219.6	185.8	104	95	83	70
2nd qtr.	267.0	277.8	248.7	220.0	218.1	104	93	82	82
July	264.6	272.1	255.5	221.3	182.7	103	97	84	69
Aug.	265.7	274.3	259.9	216.5	179.3	103	98	81	67
Sept.	264.5	271.9	257.5	217.2	178.6	103	97	82	68
3rd qtr.	264.9	272.8	257.6	218.3	180.2	103	97	82	68
Oct.	263.5	271.3	255.0	214.0	177.8	103	97	81	67

POULTRY AND EGGS

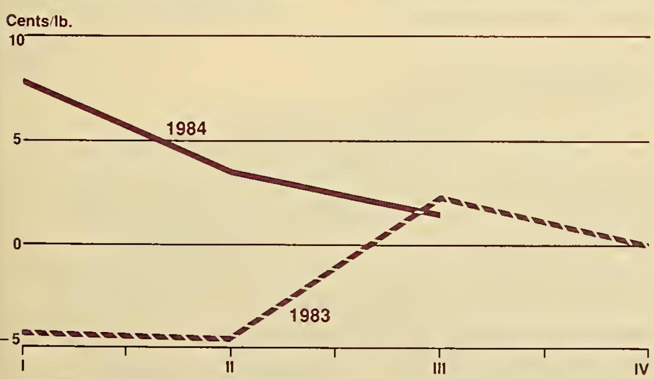
Several positive influences suggest poultry and egg producers may continue expanding production in 1985. Feed costs in 1985 are expected to be below first-half 1984. The general economy is expected to continue expanding although at a slower rate than in 1984. Total red meat supplies may decline in 1985, even though pork production may increase late in the year.

The strong economy has supported higher poultry and egg prices. Broiler prices in particular appear stronger. This may stem from increased sales by fast-food chains, almost all of which have added chicken to their menus. In addition, many poultry firms are further processing their products and producing convenience foods. Poultry firms that expanded processed items have increased product movement. With more multiple-income households as people return to work, sales of convenience foods and restaurant meals are increasing. With the economy expected to continue expanding in 1985, demand for poultry and eggs should remain strong.

Broilers

With prices of feed ingredients weakening and output of red meat down, broiler producers are expected to increase production from last year during the rest of 1984 and during 1985. The increased output may result in prices below a year earlier during 1985. With lower feed costs, net returns are likely to be near to slightly above breakeven.

Net Returns for Broilers



Differences between wholesale prices and estimated costs.

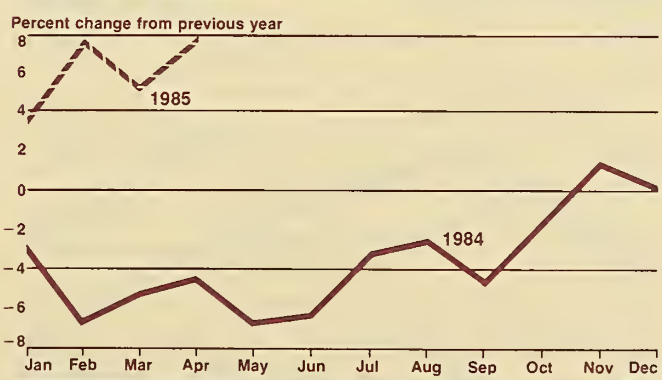
Production To Increase

Production of broiler meat in federally inspected plants during first-half 1984 was 1 percent above the 6.3 billion pounds produced in 1983. Unprofitable operations in 1983, and prospects of continued high feed costs and increased red meat supplies in first-half 1984 prompted broiler producers to slow expansion. The small rise in broiler output, coupled with a strong demand, resulted in sharply higher broiler prices in the first half of the year. Producer returns improved and provided an incentive for expanded production in the last half of the year. Prospects of declining feed costs and lower red meat production also contributed to the boost in broiler output.

During the second and third quarters of 1984, producers might have set even more eggs if the hatchery supply flock had not been reduced when costs were cut last year because of low returns. Thus, producers were forced to hold their hens a few days longer to obtain additional hatching eggs. An inventory of broiler hatchery supply hens is not available, so cumulative pullet chick placements 7 to 14 months earlier are used to approximate the size of the flock. These placements were below last year through third-quarter 1984. During fourth-quarter 1984, cumulative placements will be slightly above last year, and by May 1985, placements will be 7 percent above 1984.

With the cumulative placements below a year earlier during January-October 1984, producers appear to have been less selective in putting eggs in incubators. Thus, hatchability of the eggs was slightly below last year through August 1984. Therefore, the 5- to

Pullet Placements



Based on pullet chick placements in hatching supply flocks, 7 to 14 months earlier.

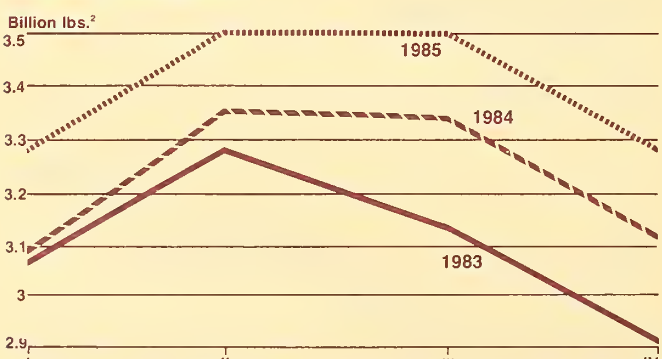
6-percent increase in eggs set has resulted in only a 4-percent increase in chicks placed for third-quarter slaughter, the same as the actual increase in number slaughtered. Average weights were up in 1984 as heavier birds provided more meat for processing, especially more breast meat. The cooler-than-normal summer also may have increased slaughter weights. With heavier birds slaughtered, output in the third quarter was up 6 percent from the 3,135 million pounds produced in 1983. Since demand declines seasonally in the fall, producers normally reduce production from summer levels. Thus, even with smaller cumulative placements than a year earlier, producers will likely have plentiful supplies of hatching eggs and are expected to increase output 8 to 10 percent from 1983's 2,917 million pounds.

Considering the increased production, wholesale broiler prices thus far in second-half 1984 have been strong and producers will likely respond to the higher prices. Output in 1985 may be up 4 to 6 percent from 1984.

1985 Prices To Slip

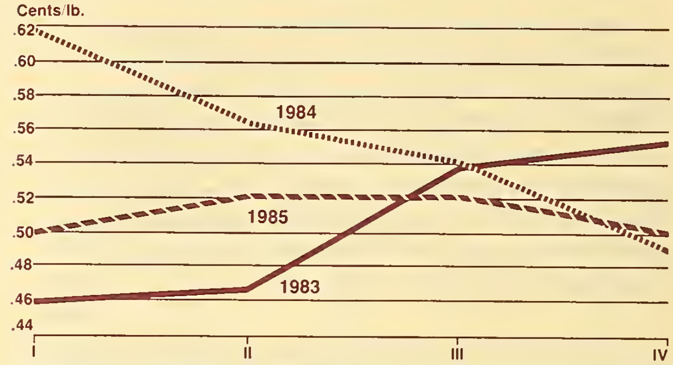
Wholesale prices of broilers in the 12 cities declined during 1984 as supplies increased relative to last year. Prices were very strong in first-quarter 1984 when the number of birds slaughtered was below last year and Avian influenza outbreaks caused concern that supplies would be low. Both the weight and number of birds slaughtered increased in the spring and summer quarters, so that summer wholesale prices were the same as last year. During fourth-quarter 1984, prices have been below last year both because of larger production and the absence of the concern over Avian influenza.

Broiler Slaughter[1]



[1]Federally inspected. [2]Ready-to-cook weight.
Fourth-quarter 1984 and 1985 forecasts.

Wholesale Broiler Prices



Prices for broilers at wholesale for a composite of whole birds, ice pack and chill pack, branded and without giblets.
Fourth quarter 1984 and 1985.

If broiler output increases as expected, prices during the first three quarters of 1985 will likely average below 1984. During 1985, wholesale broiler prices may average 48 to 54 cents per pound, down from 55 to 56 cents in 1984. These are still relatively strong prices considering the increased supplies and the volume of total meat available. In years when the general economy was weaker and processed chicken items were not being added to fast food menus, production increases of 4 to 6 percent would have been more consistent with prices in the low to mid-40-cent range.

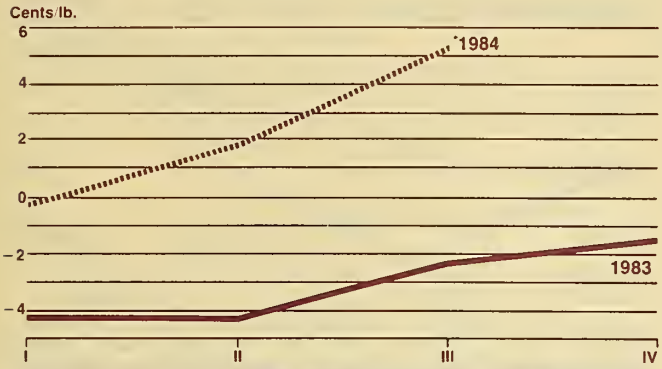
Turkeys

While production in fourth-quarter 1984 will likely be near 1983, turkey production is expected to increase in 1985. Prices for turkeys should remain above 1984 through mid-1985, then weaken relative to the first half and previous year as both turkey and total meat supplies rise.

Production

Output of turkey meat from federally inspected plants during January- September 1984 totaled 1,796 million pounds, 8 million pounds less than in 1983. The number of turkeys slaughtered was down 2 percent, but the average liveweight was up 2 percent. Based on turkey poults placed that could be slaughtered in the fourth quarter, output is expected to be about 1 percent below the 750 million pounds produced in 1983.

Net Returns for Turkeys



Differences between wholesale prices and estimated costs.

Higher turkey prices since July 1984, combined with declining feed costs, resulted in 7 percent more poults placed in August 1984. The increase in placements continued through October, when 17 percent more poults were placed for domestic slaughter.

With net returns the highest since January 1979, turkey producers will likely continue to expand production through 1985. Production of turkey meat in federally inspected plants is expected to increase 10 to 12 percent over a year earlier in first-half 1985 and 6 to 8 percent in the second half.

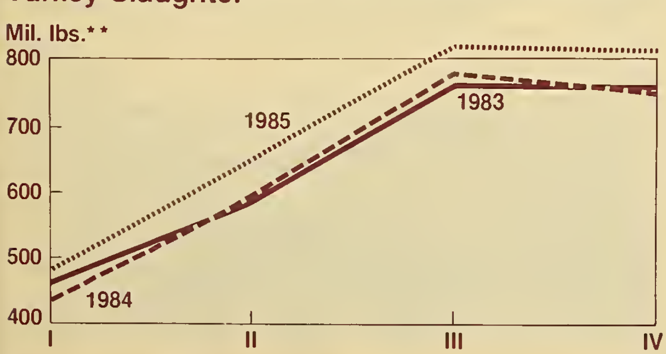
Stocks of frozen turkeys in commercial warehouses increased seasonally this year, but the increase was not as large as in previous years. Fourth-quarter beginning stocks of whole turkey and turkey parts were 10 percent below the 432 million pounds stored in 1983. Stocks are likely to remain below 1983 through the rest of 1984. In addition, with less production and an apparent strong demand resulting in excellent retail sales for Thanksgiving, ending stocks should remain below last year's low level. During 1985, stocks of frozen turkey and turkey parts are likely to approach the high levels of 1982 if production rebounds as expected.

Prices Up in 1984

In first-half 1984, prices of 8- to 16-pound hen turkeys in New York averaged 67 cents per pound, about 11 cents above last year. As wholesalers, faced with good retail demand for turkeys to build holiday traffic, realized that producers were slowing seasonal production, prices began to inch up and averaged 72 cents in the third-quarter, up from 60 cents last year. On July 30, Poultry Market News changed its daily wholesale price reports from a New York price to an Eastern price. The commodity pack turkey price and the old New York price are virtually the same and are considered comparable, according to Market News.

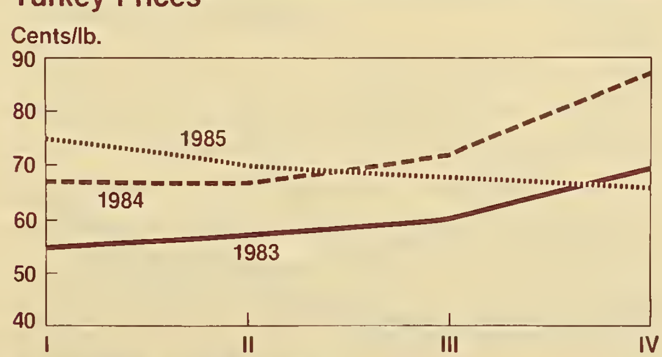
During October and November, prices of 8- to 16-pound hen turkeys were record high. Reports of a smaller turkey crop may have boosted wholesale prices, so retailers scrambled for supplies to special. Retail specials appeared to be only slightly less attractive than last year and consumers responded. There were some reports that retailers dipped into Christmas stocks to supply Thanksgiving demand. In any case, prices strengthened after Thanksgiving. If the August hatch is slaughtered early for Christmas, December prices may weaken from November highs. During the fourth quarter, prices may average 89 to 91 cents, up from 69 cents last year.

Turkey Slaughter*



*Federally inspected. **Ready-to-cook weight.

Turkey Prices*



*8- to 16-pound hen turkeys at wholesale.

Even with increased production, prices of commodity pack turkeys in the Eastern region will likely remain relatively strong in first-half 1985, averaging 70 to 75 cents per pound, up from 67 cents this year. Strong prices in late November will likely reduce slaughter in first-quarter 1985 and help keep prices strong. During the second half, when turkey stocks and production increase, along with red meat supplies, prices may average 65 to 69 cents, down from near 80 cents this year.

Eggs

Because of strong prices largely created by industry concerns over adequate supplies when Avian influenza was in the news, producers with eggs to sell made record returns early in 1984. Those favorable returns encouraged expansion and egg production rose during the third quarter and will likely rise during the remainder of 1984 and into 1985. Prices are expected to weaken because of the larger supplies.

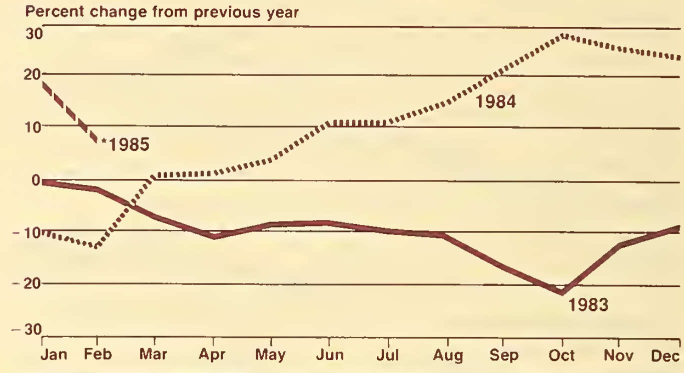
Production To Increase

With high feed prices causing unfavorable returns in 1983, egg producers cut output by selling old hens. Production declined from the year-earlier level in each quarter, slipping 1, 2, 3 and 4 percent, respectively. Producers also continued not ordering as many replacement pullets as in earlier years. Thus, when Avian influenza broke out in Pennsylvania, there were no surplus eggs to limit price increases.

Strong prices resulted in very favorable returns and producers held old hens to increase egg production in the first quarter of the year, but the number of hens was still 2 percent below last year. Producers also ordered more replacement pullets, which began entering the laying flocks in May. During first-quarter 1984, egg production was 2 percent below last year, but was even with last year in the second quarter. Reduced slaughter of old hens resulted in almost 2 percent more hens on farms during the second quarter than a year earlier, but the rate of lay was down.

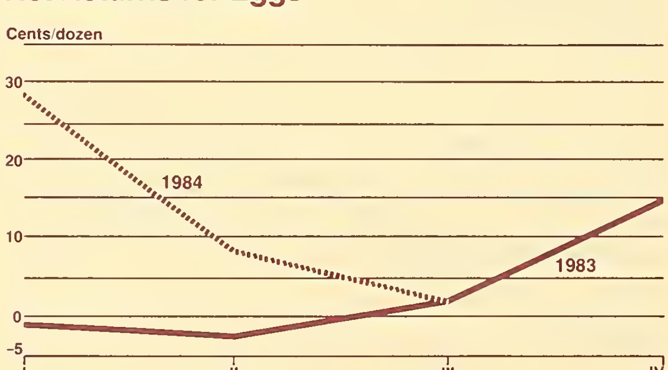
During third-quarter 1984, the number of hens was up 2 percent from last year and the rate of lay was about the same. As a result, egg production was up 2 percent in the third quarter from the 1,399 million dozen produced last year. As more pullets enter the flocks, the rate of lay is expected to increase relative to last year and with more hens, egg production should increase. Output in the fourth quarter may be 2 to 4 percent above last year. Since pullets entering flocks in second-half 1984 will still be producing in 1985, production is expected to be up 2 to 4 percent in first-half 1985 and even to 2 percent above in the second half.

Pullets Entering the Laying Flock



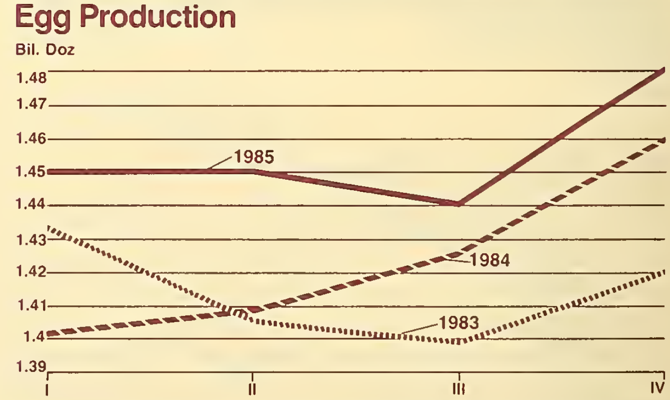
*Based on egg-type hatch 5 to 6 months earlier.

Net Returns for Eggs



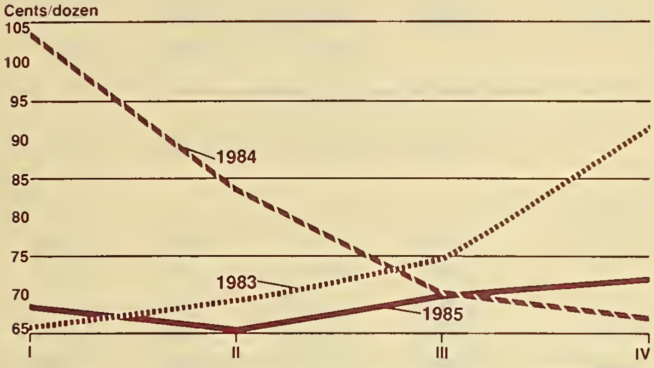
Differences between wholesale prices and estimated costs.

Egg Production



Fourth quarter 1984 and 1985 forecasts.

Wholesale Egg Prices*



*Cartoned, Grade A Large, in New York. Fourth-quarter 1984 and 1985 forecasts.

Prices To Weaken

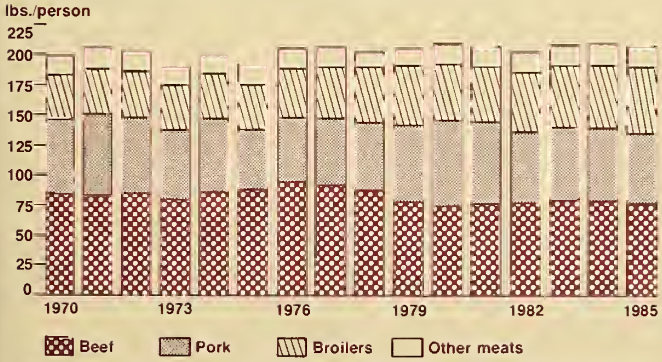
Prices for cartoned Grade A large eggs in New York averaged 83 cents per dozen during second-quarter 1984, down from the $1.03 first-quarter average, but up from 69 cents last year. A sharp runup in prices prior to Easter accounted for most of the strength. Egg prices averaged 70 cents per dozen in the third quarter, down from last year's 74 cents. With egg production expected to increase, prices during the fourth quarter may average 70 to 71 cents per dozen, down about 20 cents from last year. During first-half 1985, increased production may result in egg prices averaging 64 to 69 cents per dozen, down from 93 cents in 1984. If production increases slow in the second half of 1985, egg prices may average about the same as in second-half 1984.

Retail Prices To Remain Weak

Retail prices for broilers, turkeys, and eggs will likely follow wholesale prices and average below 1984. Strong broiler prices in mid-1985 will likely move the poultry index up in the spring and summer quarters, but for the year, the poultry index is expected to average below 1984. Retail poultry prices would be expected to be even lower next year with the large supplies, but retail prices for red meats are expected to be above 1984, boosting demand for poultry products. On the other hand, the increase in poultry production will help moderate the rise in red meat prices. While per capita consumption of red meat and poultry, at about 208 pounds, is expected to be down from the last 2 years, it would be well above the 1970-1983 average of 202.8 pounds.

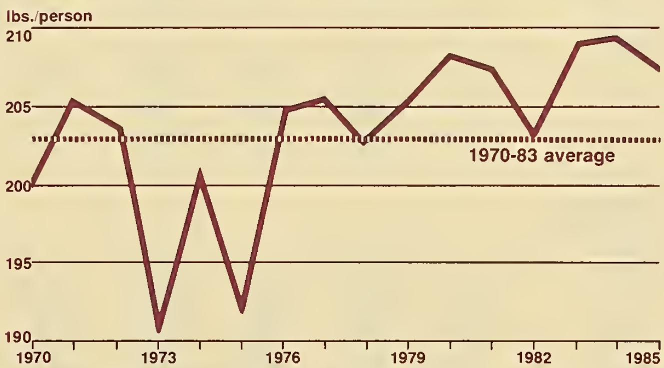
Retail prices for eggs are expected to remain at about current levels through first-half 1985, then rise slightly as production increases slow.
The consumer price index for eggs was record high in first-quarter 1984 when wholesale prices were also up because of reduced supplies. As wholesale prices declined with increased production, the retail index also declined. The index in fourth-quarter 1984 is expected to be near the first-quarter 1983 average, and back to levels that existed before producers cut production in 1983.

Consumption of Meat and Poultry



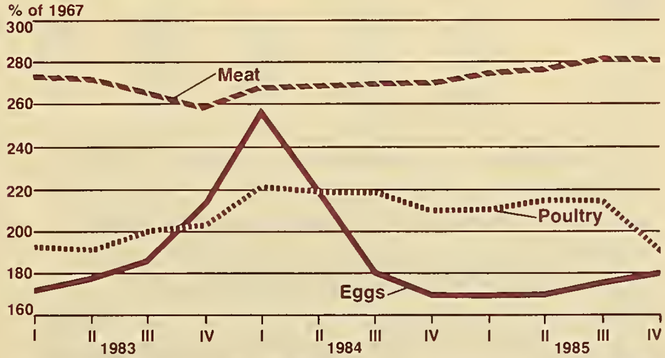
Pounds based on retail weight. Fourth-quarter 1984 and 1985 forecasts.

Meat and Poultry Consumption



Fourth quarter 1984 and 1985 forecasts.

Consumer Price Index



Fourth quarter 1984 and 1985 forecasts.

Table 29--Estimated costs and returns, 1983-84 1/

Year	Production costs: Feed	Production costs: Total	Wholesale: Total costs 2/	Wholesale: Price 3/	Net returns
Market eggs (cts/doz)					
1983					
I	29.7	47.2	67.7	66.4	-1.2
II	33.5	51.0	71.5	69.2	-2.3
III	35.6	53.1	73.6	75.3	1.7
IV	37.7	55.2	75.7	90.7	15.0
Year 4/	34.1	51.6	72.1	75.4	3.3
1984					
I	35.4	53.6	74.3	103.0	28.6
II	36.6	54.8	75.5	84.1	8.6
III	34.2	52.4	73.1	70.2	2.9
Broilers (cts/lb)					
1983					
I	16.2	24.7	47.7	43.4	-4.3
II	18.1	26.6	50.2	45.6	-4.6
III	19.0	27.5	51.4	53.9	2.4
IV	21.4	29.9	54.6	54.6	.0
Year 4/	18.6	27.1	51.0	49.3	-1.7
1984					
I	20.3	29.1	53.9	61.8	7.9
II	19.7	28.5	53.0	56.4	2.4
III	19.7	28.5	53.0	54.3	1.3
Turkeys (cts/lb)					
1983					
I	22.7	35.9	60.6	56.4	-4.2
II	24.9	38.1	63.3	59.0	-4.3
III	27.0	40.2	66.0	63.7	-2.3
IV	29.8	43.0	69.4	71.0	1.5
Year 4/	26.6	39.8	65.4	63.5	-2.0
1984					
I	29.9	43.5	70.5	70.3	-0.2
II	28.3	41.9	68.5	70.2	1.8
III	29.0	42.6	69.3	74.0	4.7

1/ Estimated by computerized formula. Costs are weighted by monthly production. 2/ Based on farm cost converted to wholesale market value. 3/ Wholesale prices used are the 13-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 24-26 lb. toms in New York, Chicago, and Los Angeles. 4/ Weighted average.

Table 30--Federally inspected young chicken slaughter

Year	Number	Average weight	Live-weight pounds	Certified RTC
	Million	Pounds	Million	Pounds
1982				
I	983	4.03	3,961	2,888
II	1,047	4.05	4,239	3,109
III	1,065	4.00	4,265	3,130
IV	973	4.10	3,991	2,911
Year	4,068	4.04	16,456	12,039
1983				
I	1,022	4.10	4,186	3,061
II	1,084	4.13	4,473	3,276
III	1,062	4.00	4,254	3,135
IV	965	4.13	3,981	2,917
Year	4,133	4.09	16,984	12,389
1984				
I	1,015	4.16	4,225	3,082
II	1,092	4.16	4,574	3,350
III	1,106	4.13	4,568	3,335
IV				
Year				

Table 31--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1983-84

Month	Broiler-type chicks		Pullet chicks placed in broiler hatchery supply flocks				
			Monthly placements		Cumulative placements 7-14 months earlier		
	1983	1984	1983	1984	1983	1984	1985
	Million		Thousands		Thousands		
January	382,604	370,024	3,169	3,202	27,265	26,428	27,277
February	348,287	356,386	3,310	2,977	27,179	25,349	27,286
March	399,748	397,942	3,299	3,451	26,875	25,441	26,771
April	388,781	394,842	3,143	4,012	26,359	25,169	26,647
May	395,460	408,567	3,541	3,520	26,483	24,873	26,733
June	382,189	397,071	3,147	3,399	26,371	24,700	
July	377,988	393,327	2,485	3,135	25,986	25,147	
August	372,246	394,473	3,347	3,075	25,457	24,808	
September	343,634	362,083	2,897	3,078	25,833	24,638	
October	345,253	367,397	3,014	3,063	26,097	25,604	
November	335,928		3,126		25,879	26,269	
December	374,881		3,590		26,557	26,892	

Table 32--Broilers: Eggs set and chicks placed weekly in 19 commercial States, 1982-84 1/

Period 2/	Eggs set			Chicks placed		
	1982/83	1983/84	Percent of previous year	1982/83	1983/84	Percent of previous year
	Thousands		Percent	Thousands		Percent
November						
19	101,021	99,303	98	79,826	74,021	93
26	100,644	99,800	99	80,372	78,415	98
December						
3	97,509	100,213	103	80,674	80,864	100
10	100,149	98,974	99	80,066	79,598	99
17	100,905	99,093	98	80,024	80,372	100
24	101,502	100,278	100	78,701	80,184	102
31	102,141	99,622	98	80,616	79,519	99
January						
7	101,762	97,740	96	81,633	79,254	97
14	101,782	99,118	97	82,002	80,849	99
21	99,885	100,493	101	82,537	79,995	97
28	101,945	101,413	99	82,110	77,985	95
February						
4	103,052	102,185	99	82,030	78,873	96
11	103,598	101,571	98	79,795	80,945	101
18	103,813	102,724	99	81,839	81,301	99
25	105,134	105,245	100	83,030	82,368	99
March						
3	105,702	106,529	101	83,951	81,929	98
10	105,235	106,474	101	84,203	82,882	98
17	105,873	106,825	101	85,470	85,385	100
24	103,188	106,411	103	85,976	86,169	100
31	105,043	107,985	103	86,070	86,202	100
April						
7	104,680	108,597	104	85,456	85,462	100
14	104,286	108,214	104	83,405	85,569	103
21	103,308	107,372	104	85,274	87,093	102
28	101,114	105,980	105	84,966	88,344	104
May						
5	102,881	108,775	106	84,837	87,429	103
12	101,793	107,463	106	84,137	86,913	103
19	102,512	107,855	105	82,602	85,741	104
26	102,787	107,489	105	83,366	87,095	104
June						
2	102,528	108,920	106	83,343	86,941	104
9	103,493	108,617	105	83,491	86,979	104
16	101,977	108,276	106	83,540	87,393	105
23	99,380	104,926	106	83,819	87,917	105
30	95,280	100,692	106	84,486	87,878	104
July						
7	99,600	106,546	107	83,702	87,122	104
14	99,886	105,517	106	80,707	84,119	104
21	100,089	105,562	105	76,852	80,154	104
28	99,227	106,259	107	81,042	84,527	104
August						
4	98,790	103,965	105	80,892	84,702	105
11	99,956	105,374	106	79,960	84,444	106
18	98,543	104,842	106	78,733	84,782	108
25	97,417	104,074	107	78,042	83,535	107
September						
1	92,809	100,317	108	79,096	84,345	107
8	90,407	96,864	107	78,579	82,772	105
15	85,182	92,989	109	77,477	81,710	105
22	95,745	100,353	105	72,852	79,311	109
29	96,039	102,238	106	71,959	76,460	106
October						
6	92,106	101,494	110	67,918	72,692	107
13	86,564	98,716	114	76,910	79,324	103
20	86,757	89,866	104	77,286	81,184	105
27	91,574	97,462	106	74,430	81,051	109
November						
3	97,046	104,310	107	69,939	78,558	112
10	100,214	107,038	107	70,260	70,524	100

1/ 19 States: Ala., Ark., Calif., Dela., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tex., Va., W. Va., La., Mo., Tenn., Oreg., and Wash. 2/ Weeks in 1983/84 and corresponding weeks in 1982/83.

Table 33--Young chicken prices and price spreads, 1983-84

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Cents per dozen							
Farm price 1/													
1983	26.0	27.4	25.2	24.6	26.4	28.5	30.9	32.0	32.8	29.7	33.7	33.7	29.2
1984	36.9	37.4	37.8	34.8	33.5	33.2	35.5	30.6	32.1	29.5			
Wholesale RTC 12-city av. 2/													
1983	43.1	45.2	41.9	40.9	46.9	49.1	52.8	54.2	54.5	50.4	56.3	57.1	49.4
1984	62.1	61.2	62.0	56.0	57.6	55.5	57.3	51.5	53.6	48.8			
4-region av. retail price													
1983	69.2	70.4	70.3	67.9	69.1	70.3	72.8	74.0	77.0	73.8	76.9	81.4	72.8
1984	84.1	87.1	85.2	84.8	81.6	82.2	83.5	79.1	79.5				
Price spreads Farm-to-consumer													
1983	34.4	33.5	36.5	34.9	33.8	30.2	30.2	30.9	33.5	33.8	31.7	35.0	33.2
1984	34.2	37.0	35.0	43.9	36.6	37.6	37.0	38.3	38.1				
Farm-to-retailer													
1983	16.3	16.0	16.9	15.8	16.8	15.1	18.0	16.7	16.6	17.4	16.7	15.2	16.5
1984	17.7	17.9	16.6	21.4	17.2	17.1	16.8	17.2	18.2				
Retail-to-cons.													
1983	18.1	17.5	19.6	19.1	17.0	15.1	12.2	14.2	16.9	16.4	15.0	19.8	16.7
1984	16.5	19.2	18.3	22.4	19.4	20.5	20.2	21.1	19.9				
						1967 = 100							
Retail pr. index Wh. chickens													
1983	186.8	190.6	190.7	184.5	187.7	192.1	198.7	202.1	209.6	199.1	207.6	219.4	197.4
1984	228.7	235.9	232.6	231.2	223.2	223.7	228.1	218.6	220.2	213.8			

1/ Live weight. 2/ Beginning May 1983, 12-city composite weighted average.

Table 34--U.S. young chicken exports to major importers, July-September 1983-1984

Country or area	1983	1984
	1,000 pounds	
Japan	34,164	24,651
Hong Kong	10,793	19,378
Jamaica	8,526	15,220
Singapore	9,887	11,564
Canada	6,555	7,291
Mexico	3,730	4,707
Leeward-Windward Is.	8,265	4,678
Netherlands Antilles	3,265	2,987
French Pacific Is.	1,796	2,272
Spain	0	1,564
Barbados	1,333	1,440
Saudi Arabia	1,178	1,006
Republic of South Africa	199	887
Brunei	706	74
Kuwait	239	657
Other	11,334	6,205
Total	101,971	105,182

Table 35--U.S. mature chicken exports to major importers, July-September 1983-1984

Country or area	1983	1984
	1,000 pounds	
Canada	3,100	4,741
Leeward-Windward Is.	17	838
Trust Terr. of Pacific Is.	627	436
Japan	79	326
Netherlands Antilles	50	252
Jamaica	0	247
Mexico	78	218
France	0	40
Saudi Arabia	38	40
Hong Kong	0	29
French Pacific Is.	84	21
Bahamas	91	12
Turks & Caicos Islands	5	11
China Taiwan	5	11
Bahrain	19	11
Other	536	20
Total	4,728	7,254

Table 36--Turkey hatchery operations, 1982-84 1/

Month	Turkeys placed 2/		Eggs in incubators first of month, changes from previous year	
	Total		Total	
	1983-84	1984-85	1983-84	1984-85
	Thousands		Percent	
Sept.	8,086	8,793	-5	12
Oct.	9,202	10,741	-9	8
Nov.	10,969		-5	
Dec.	12,476		-3	
Jan.	14,053		-8	
Feb.	15,316		-3	
Mar.	18,286		-2	
Apr.	19,088		-5	
May	21,129		1	
June	20,449		-2	
July	18,758		-8	
Aug.	13,507		-2	

1/ Breakdown by breeds not shown to avoid disclosing individual operations. 2/ Excludes exported poults.

Table 37--Federally inspected turkey slaughter

Year	Number	Average weight	Live-weight pounds	Certified RTC
	Million	Pounds	Million	Pounds
1982				
I	26.4	19.68	519.2	410.4
II	35.0	18.91	661.0	527.9
III	51.0	18.67	951.7	761.5
IV	48.0	19.85	953.2	759.1
Year	160.4	19.27	3,085.1	2,458.9
1983				
I	29.0	20.16	584.4	462.2
II	37.8	19.29	729.7	581.5
III	50.8	18.82	955.7	760.3
IV	47.4	20.12	952.8	759.0
Year	164.9	19.59	3,222.6	2,563.1
1984				
I	27.0	20.27	548.2	432.3
II	37.6	19.50	738.5	589.0
III	50.3	19.40	974.7	774.9
IV				
Year				

Table 38--U.S. turkey exports to major importers, July-September 1983-1984

Country or area	1983	1984
	1,000 pounds	
Hong Kong	1,435	868
Federal Rep of Germany	1,695	863
Republic of South Africa	312	776
Mexico	117	633
Egypt	3,533	466
Japan	1,946	439
Trust Terr. of Pacific Is.	559	383
Saudi Arabia	304	362
Leeward-Windward Is.	163	202
Haiti	40	186
Singapore	249	185
Bahamas	157	123
Western Samoa	240	116
Kuwait	126	109
Canada	224	101
Other	2,351	823
Total	13,454	6,636

Table 39--Turkey prices and price spreads, 1983-84

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Cents per dozen							
Farm price 1/													
1983	32.4	32.8	33.3	32.3	35.0	36.5	34.3	35.2	39.5	39.9	40.7	45.8	36.5
1984	46.6	41.3	41.6	43.3	42.7	42.5	44.0	45.2	46.6	51.1			
New York, hens 8-16 lbs 2/													
1983	53.6	54.9	56.0	54.4	56.6	60.9	58.5	57.6	65.0	65.1	67.0	76.1	60.5
1984	72.2	64.7	66.1	67.0	66.8	67.0	68.6	72.4	76.2				
4-region average retail price													
1983	91.4	92.4	91.8	92.6	92.8	92.3	93.0	91.4	90.4	95.3	87.7	89.4	91.7
1984	92.8	94.4	95.6	94.3	97.3	99.1	101.3	100.7	102.3				
Price spreads													
Farm-to-consumer													
1983	53.0	52.9	51.5	52.9	50.7	46.9	50.0	49.2	41.0	45.7	36.0	28.7	46.5
1984	36.3	45.2	44.7	42.3	47.0	47.9	48.3	43.5	41.3				
Farm-to-retailer													
1983	23.0	22.0	22.0	22.9	21.7	23.4	24.4	25.5	21.0	21.4	20.8	19.7	22.3
1984	21.9	24.5	23.9	23.2	25.3	24.6	23.9	22.6	22.4				
Retail-to-consumer													
1983	30.0	30.9	29.5	30.0	29.0	23.5	25.6	23.7	20.0	24.3	15.2	9.0	24.2
1984	14.3	20.6	20.8	19.1	21.7	23.2	24.3	20.9	18.8				
						December 1977=100							
Consumer pr. index													
1983	126.3	127.7	126.6	127.2	125.4	125.3	126.0	125.7	122.9	126.0	120.6	122.3	125.1
1984	125.4	128.5	127.9	128.0	130.3	131.6	132.7	133.3	132.7	135.1			

1/ Live weight. 2/ Wholesale, ready-to-cook.

Table 40--Egg-type chick hatchery operations, 1983-1984

Month	Hatch		Eggs in incubator first of month	
	1983	1984	1983	1984
	Thousands		Percent	
January	32,630	36,805	86	112
February	32,956	37,699	86	112
March	39,281	45,136	81	125
April	36,663	47,227	79	127
May	38,330	48,781	76	131
June	37,487	46,516	91	128
July	30,530	37,841	86	125
August	30,929	35,096	97	112
September	31,796	32,565	105	99
October	32,343	31,382	100	93
November	29,639		98	99
December	34,351		112	

Table 41--Force moltings and light-type hen slaughter, 1983-84

Month	Force molted layers 1/				Light-type hens slaughtered under Federal inspection 2/	
	Being molted		Molt completed			
	1983	1984	1983	1984	1983	1984
	Percent				Thousand	
January		3.4		24.1	15,717	10,376
February	6.2	4.9	18.4	22.9	11,948	9,921
March	4.3	5.4	18.7	22.4	15,650	11,602
April	4.0	4.4	17.7	22.8	14,654	11,690
May	5.4	5.1	17.2	22.3	9,755	13,558
June	5.7	7.4	19.4	20.5	11,142	13,986
July	5.2	4.5	20.4	21.2	10,810	12,549
August	4.6	4.3	22.1	21.3	11,784	14,372
September	4.7	3.5	23.0	21.0	11,287	11,782
October	5.0	3.2	23.6	19.9	10,139	
November	4.6	3.9	22.4	19.1	9,139	
December	2.3		24.9		10,080	

1/ Percent of hens and pullets of laying age in 17 selected States. 2/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service.

Table 42--Shell eggs broken and egg products produced under Federal inspection, 1983-84

Period	Shell eggs broken	Egg products produced 1/		
		Liquid 2/	Frozen	Dried
	Thou. doz	Thou. lbs	Thou. lbs	Thou. lbs
1983				
January	57,526	38,965	23,822	6,369
February	56,439	35,217	22,792	5,801
March	61,229	40,626	25,564	6,368
April	52,493	37,566	22,516	5,753
May	61,369	42,366	25,310	7,738
June	71,820	47,408	30,099	10,476
July	64,019	41,293	26,139	9,814
August	72,163	51,671	26,341	9,038
September	66,689	48,597	26,064	6,421
October	64,397	45,201	26,649	6,830
November	55,635	38,216	24,962	5,994
December	48,142	33,472	23,299	4,974
1984				
January	52,102	40,207	22,669	4,522
February	62,797	45,962	27,413	6,878
March	64,036	46,404	30,206	7,022
April	55,214	40,168	25,232	4,947
May	68,536	49,138	28,464	6,968
June	67,724	48,829	27,737	6,543
July	67,696	44,833	29,281	6,774
August	74,787	50,905	31,423	7,411
September	63,924	44,893	25,427	6,844
October				

1/ Includes ingredients added. 2/ Liquid egg products produced for immediate consumption and for processing.

Table 43--U.S. egg exports to major importers, July-September 1983-1984*

Country or area	1983	1984
	1,000 dozen	
Japan	11,699	7,907
Hong Kong	1,655	2,371
Canada	1,617	1,684
United Arab Emirates	91	1,420
Trinidad-Tobago	937	805
Switzerland	526	570
Qatar	0	383
Federal Rep of Germany	339	373
Netherlands	146	319
Jamaica	556	299
Suriname	160	177
Haiti	81	144
Bahamas	24	129
Trust Terr. of Pacific Is.	149	109
United Kingdom	248	86
Other	2,025	866
Total	20,255	17,644

* Shell and shell equivalent of egg products.

Table 44--Layers on farms and eggs produced

Quarters	Number of layers		Eggs per layer		Eggs produced	
	1983	1984	1983	1984	1983	1984
	Million		Number		Million dozen	
I	282	277	61.1	60.6	1,432.9	1,401.1
II	273	277	61.9	61.0	1,405.2	1,408.2
III	271	277	62.1	61.8	1,399.2	1,425.7
IV	276		61.6		1,418.6	
Annual	276		246.5		5,655.8	

Table 45--Egg prices and price spreads, 1983-84

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Cents per dozen							
Farm price 1/													
1983	46.5	48.9	51.6	51.2	55.0	53.4	51.8	57.8	60.6	63.7	72.4	79.3	57.7
1984	92.8	88.8	73.5	87.4	62.3	53.8	52.8	51.5	51.0	47.8			
New York (cartoned) 2/ Grade A, large													
1983	62.7	65.7	69.1	67.6	69.9	69.7	68.2	76.5	78.6	80.2	91.8	101.9	75.2
1984	115.0	104.0	91.0	103.7	75.9	70.7	71.5	68.8	69.8				
4-region average, Grade A, large													
Retail price													
1983	85.2	82.7	86.5	84.8	89.6	85.2	88.2	91.8	96.2	98.1	102.3	114.1	92.1
1984	130.8	133.2	117.1	120.9	108.1	91.5	89.5	87.8	87.6				
Price spreads													
Farm-to-consumer													
1983	41.8	36.1	35.0	35.3	35.7	32.3	37.2	32.0	34.1	34.1	25.7	26.9	33.9
1984	32.8	46.9	43.2	32.6	49.2	38.5	35.9	37.2	35.7				
Farm-to-retailer													
1983	21.2	18.9	18.2	19.0	17.7	16.2	18.9	17.4	17.2	17.3	14.1	14.0	17.5
1984	14.9	18.8	18.0	17.0	19.4	18.1	17.8	19.7	18.5				
Retail-to-consumer													
1983	20.6	17.2	16.8	16.3	18.0	16.1	18.3	14.6	16.9	16.8	11.6	12.9	16.3
1984	17.9	28.1	25.1	15.6	29.8	20.5	18.1	17.5	17.2				
							1967=100						
Consumer price index													
1983	172.9	169.3	175.0	174.9	181.8	173.8	177.9	183.7	193.3	200.1	208.2	234.0	187.1
1984	266.5	270.3	237.2	249.6	218.9	185.8	182.7	179.3	178.6	177.8			

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982.
2/ Price to volume buyers.

Table 46--Shell eggs: Supply and utilization, 1983-84 1/

Year	Supply: Stock change	Pro- duction	Hatching use	Eggs broken	Imports	Total supply	Utilization: Exports and ship- ments	Domestic disappearance: Military	Civilian: Total	Civilian: Per capita
	Million dozen									Number
1983 2/										
I	.5	1,432.9	128.4	175.2	5.0	1,134.8	15.5	5.5	1,113.8	57.7
II	-.8	1,405.2	129.2	185.7	2.8	1,092.4	13.3	6.3	1,072.7	55.5
III	.6	1,399.2	120.1	202.9	7.1	1,083.8	12.4	5.9	1,065.5	55.0
IV	.4	1,418.6	122.4	168.2	7.4	1,135.8	13.1	5.0	1,117.6	57.5
Year	.6	5,655.8	500.0	731.9	22.2	4,446.8	54.3	22.8	4,369.8	225.7
1984 2/										
I	-.7	1,401.1	132.8	178.9	12.4	1,101.0	9.5	3.9	1,087.6	55.8
II	-.2	1,408.2	137.7	191.5	7.2	1,086.1	10.9	4.6	1,070.5	54.9
III	.6	1,425.7	127.1	206.4	6.3	1,099.0	16.1	3.2	1,079.7	55.3
IV										
Year										

1/ Totals may not add because of rounding. 2/ Preliminary.

Table 47--Total eggs: Supply and utilization by quarters, 1983-84

Year	Supply: Pro- duction	Imports 1/	Begin- ning	Total supply	Utilization: Ending stocks 1/	Exports and ship- ments 1/	Eggs used for hatch- ing	Domestic disappearance: Mili- tary 1/	Civilian: Total	Civilian: Per capita
	Million dozen									Number 2/
1983 3/										
I	1,432.9	5.0	20.3	1,440.2	18.1	30.2	128.4	6.3	1,275.4	66.1
II	1,405.2	2.9	18.1	1,408.7	17.4	29.2	129.2	6.9	1,243.4	64.3
III	1,399.2	7.4	17.4	1,410.7	13.2	26.7	120.1	6.5	1,257.4	64.9
IV	1,418.6	8.2	13.2	1,430.7	17.6	26.4	122.4	5.4	1,276.6	65.7
Year	5,655.8	23.4	20.3	5,690.2	17.6	112.4	500.0	25.1	5,052.8	261.0
1984 3/										
I	1,401.1	13.9	9.3	1,414.1	10.2	17.5	132.8	4.2	1,259.6	64.7
II	1,408.2	7.6	10.2	1,412.3	13.7	15.3	137.7	5.3	1,253.9	64.2
III	1,425.7	7.2	13.7	1,433.2	13.4	26.7	127.1	3.7	1,275.7	65.3
IV										
Year										

1/ Shell eggs and the approximate shell-egg equivalent of egg product. 2/ Calculated from unrounded data. 3/ Preliminary.

Hog Operations Becoming Fewer, Larger, and More Efficient

Richard P. Stillman 1/

Abstract: The hog industry has shifted steadily to larger and fewer hog operations over the past 30 years. This trend has occurred at a rapid rate and should continue to accelerate. This paper examines structural changes that occurred between 1975 and 1980 and how they affect the future of the hog industry.

Keywords: Hog production, economies of size, livestock, hogs

Introduction

Over the past 30 years, per capita consumption of pork, excluding lard, remained fairly constant, between 51 and 68 pounds on a retail weight basis. During that period, the hog cycle averaged about 4 years in length. Pork production reached the low point of the cycle in 1975 and the industry began to expand. However, the expansion was different than in previous cycles: Hog production was becoming more concentrated among a smaller number of producers. Production technology required a much more capital intensive enterprise. Hog production was slower in reacting because of the lag in production response between the low point in the cycle in 1975 and the high point in 1980. Expansion required time to build new facilities which was longer than the reproductive cycle.

During that time, several structural changes occurred in the hog production industry. Pork output peaked in 1980, but large meat supplies, erratic feed costs, and generally poor returns caused pork production to drop to 14.1 billion pounds in 1982. How will the recent structural changes affect the industry's production potential in the future? Cost of production surveys from 1975 and 1980 provide some insight into future production. For a more detailed picture of the hog industry, see "Characteristics of U.S. Hog Production."[1]

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Types of Structural Change

Location

The location of hog production has remained nearly unchanged over the past 30 years. Currently, more than 78 percent of production is in the North Central region. Southeastern producers make up about 16 percent. However, within the North Central region, some production has shifted from the eastern to the western part since about 1965. This westward movement likely was due to lower grain prices and fewer environmental problems.

Hog production is a large user of feed grains and soybean meal, both in surplus in the North Central region. In contrast, the Southeast is a grain-deficit area, and the cost of shipping grain into the region gives North Central producers a comparative advantage. If transportation costs for feed continue to widen, producers in the Southeast will remain at a competitive disadvantage to the North Central area. Increased wheat production and its use as a feed grain in the Southeast may slightly alter this competitive advantage, but only as long as wheat is priced low enough to make it a suitable alternative to feed grains.

Enterprise Mix

More than 95 percent of both farrow-to-finish and feeder pig finishers raised corn in 1980. Table 1 indicates the percentage of grain fed to hogs that was produced on the farm where it was fed. As the size of the hog operation increases, a smaller amount of the feeds used are self-produced. As the trend towards larger hog operations continues, the crop and hog enterprises may become more separated. But

Table 1--Grain fed to hogs that was produced on the farm where it was fed, by type and size of hog enterprise and region, 1980 1/

Size of enterprise (head)	Farrow-to-finish	
	North Central	Southeast
	Percent of grain	
100 to 199	89	76
200 to 499	90	71
500 to 999	89	63
1,000 to 1,999	88	54
2,000 to 4,999	84	37
5,000 and over	53	17
All	86	55

many large hog operations use land as a buffer in waste disposal, so crop and hog production will likely remain together to a degree.

Hog production takes place in three types of operations: Farrow-to-finish operators, who make up 75 to 80 percent of slaughter hog sales, and feeder pig producers and feeder pig finishers, who account for the rest and who also face slightly different economic environments. Because demand for their product is a derived one, feeder pig producers face the greatest variation in returns. Attracted by strong prices, many feeder pig producers entered the market during 1975 to 1980. At the same time, larger farrow-to-finish producers were expanding facilities.

The growth in hog production from 1975 to 1980 was not the normal 4-year cycle, because of the extended lag in production response. Roughly half of the large production gain came from established producers and half came from new entrants. Increasing slaughter hog prices spurred the demand for feeder pigs and many feeder pig producers in the smaller size classes entered production.

Larger producers expanded facilities in addition to retaining a few more gilts in existing facilities. When the large producers brought their production on line, hog prices declined rapidly and production declined from 16.4 billion pounds in 1980 to 14.1 billion in 1982. A large percentage of the decline in production probably came from the smaller size producers. In 1983, 6 percent of producers held over half of the hog inventory.

Economies of size continue to shape the structure of the hog industry. Many smaller producers have either dropped out of production or gotten larger. As a result, the trend is to fewer and larger producers. Larger hog producers have many advantages over the smaller ones, such as the ability to more fully use fixed space, thereby reducing per-unit fixed costs. They are able to lower variable costs by more efficient labor and machinery use per hundredweight of hogs marketed. Purchasing and marketing efficiencies also accrue to large producers because of their ability to buy and sell in volume.

Facility Use

Expansion of production facilities and their specialization requires large capital investments. Fuller use of facilities is

Table 2--Litters of pigs produced in 1980 per unit of farrowing space by type and size of hog enterprise and regions, 1980 1/

Size of enterprise (head)	Feeder pig production		Farrow-to-finish	
	North Central	Southeast	North Central	Southeast
	Litters per unit of farrowing space			
100 to 199	2.1	2.1	2.0	2.0
200 to 499	3.6	2.9	2.8	4.6
500 to 999	6.8	5.9	4.0	5.9
1,000 to 1,999	6.7	8.8	4.8	6.3
2,000 to 4,999	5.0	8.8	7.2	7.9
5,000 and over	11.2	14.3	8.4	8.6
All	4.3	5.9	3.9	5.3

1/ Includes only farms that used some type of farrowing facilities.

Table 3--Pigs produced in 1980 per unit of nursery space, by type and size of hog enterprise and region 1980 1/

Size of enterprise (head)	Feeder pig production		Farrow-to-finish	
	North Central	Southeast	North Central	Southeast
	Pigs produced per unit of space			
100 to 199	*	2.5	1.6	2.3
200 to 499	3.5	4.1	1.9	3.2
500 to 999	3.5	3.4	4.2	3.5
1,000 to 1,999	5.8	3.8	4.9	4.4
2,000 to 4,999	6.4	4.4	6.9	5.4
5,000 and over	9.2	5.0	5.6	7.4
All	4.5	4.1	4.6	4.7

* No farms included in this category.
1/ Includes only farms that used nursery buildings.

Table 4--Slaughter hogs produced in 1980 per unit of space in growing-finishing buildings, by type and size of hog enterprise and region, 1980 1/

Size of enter-prise (head)	Feeder pig production North Central	Feeder pig production South-east	Farrow-to-finish North Central	Farrow-to-finish South-east
	Hogs produced per unit of space			
100 to 199	1.4	2.5	0.7	0.9
200 to 499	1.3	1.7	1.5	1.1
500 to 999	1.7	1.7	1.8	1.8
1,000 to 1,999	2.0	2.6	1.9	1.7
2,000 to 4,999	2.3	2.4	2.7	2.4
5,000 and over	2.3	2.7	2.4	2.4
All	1.8	2.2	1.5	1.8

1/ Includes only farms that provided housing for hogs in their growning-finishing stage.

necessary to spread high fixed costs over more units of production. Tables 2, 3, and 4 indicate facility use according to size class. Under each of the three categories--farrowing space, nursery, and growing-finishing buildings--hog raisers produce more hogs per unit of space as the size of the unit increases. Farrow-to-finish producers in the 5,000+ classes produced more than two and one-half times their one-time finishing capacity in a year, compared with the smallest size group who produced only about one and one half times their capacity. The biggest difference among size groups is in the use of farrowing and nursery space. Large producers used their farrowing facilities at a rate four times greater than that of the smallest producers. Larger producers also more fully used their nursery space.

Larger production units also had higher productivity per breeding animal. Producers in the largest production groups weaned 10 to 20 percent more pigs per litter than the smallest group (table 5). Not only did the large producers wean more pigs, but because of specialized nursery facilities, the required weaning age was cut in half (table 6). The ability to generate more pigs per breeding animal and move them through the farrowing facility more rapidly, greatly reduces the per-unit fixed costs and the per-pig feed cost for breeding animals. Table 7 shows that larger producers used less feed per pound of hog sold than smaller producers.

Large producers can justify feed processing and automatic feeding equipment. With a feed processor, the producer no longer

Table 5--Pigs weaned per litter, by type and size of hog enterprise and region, 1980 1/

Size of enter-prise (head)	Feeder pig production North Central	Feeder pig production South-east	Farrow-to-finish North Central	Farrow-to-finish South-east
	Pigs weaned per litter			
100 to 199	7.0	7.0	6.6	7.0
200 to 499	7.2	7.4	7.3	7.0
500 to 999	7.5	8.0	7.4	7.5
1,000 to 1,999	7.3	7.9	7.5	7.6
2,000 to 4,999	7.8	7.6	6.7	7.8
5,000 and over	8.4	7.7	7.8	8.0
All	7.4	7.6	7.2	7.4

1/ Includes all sows farrowing even when no pigs were saved.

Table 6--Average weaning age of pigs, by type and size of hog enterprise and region, 1980

Size of enter-prise (head)	Feeder pig production North Central	Feeder pig production South-east	Farrow-to-finish North Central	Farrow-to-finish South-east
	Weeks			
100 to 199	7.4	7.0	6.7	6.9
200 to 499	4.7	6.8	5.8	7.1
500 to 999	4.8	7.0	5.3	6.0
1,000 to 1,999	4.9	4.7	5.2	5.0
2,000 to 4,999	5.1	4.7	4.3	4.5
5,000 and over	3.6	3.9	3.5	4.0
All	5.2	5.4	5.3	5.7

Table 7--Farrow-to-finish hog enterprises

Size of enterprise (head)	North Central Feed use 1/	North Central Farmers respond-ing 2/	Southeast Amt. of feed 1/	Southeast Farmers respond-ing 2/
	Lbs.	Percent of sample	Lbs.	Percent of sample
100 to 199	454	48	468	90
200 to 499	418	52	463	88
500 to 999	451	61	427	92
1,000 to 2,000	423	72	418	90
2,000 to 4,999	449	74	434	96
5,000 and over	413	79	417	100
All	434	64	437	92

1/ Feed use is the amount fed per 100 pounds live weight of hogs produced, including the feed for and production from the entire enterprise including the breeding herd. 2/ Some farmers, especially those with the smaller enterprises, kept no record of feed use, hence could provide no information on rates of feed conversion.

needs to purchase a commercially produced protein supplement and pay the higher costs for a commercial mix. He can buy soybean meal and the other additives in bulk. This works well in conjunction with automated feeding equipment, which saves labor per hog. In the North Central region, over three-fourths of the farrow-to-finish producers in the largest size groups purchased soybean meal and either mixed concentrate or separate additives. Large hog producers can more fully use all of their equipment such as tractors, trucks, and feed processing equipment.

Marketing of Hogs

Compared with the other groups, a much greater percentage of the largest hog producers sell on a grade and yield basis. The larger producers (those marketing more than 2,000 head a year) sold around 40 percent of their hogs on a grade and yield basis in the North Central region. Being a steady, high-volume supplier of a known, more consistent product may give the large producer a price advantage over the smaller, seasonal producer because packers may be more willing to pay a premium for a known product they can rely on. A shipping cost advantage can also be gained as a large steady supply of hogs can be sent to market. The assembly costs of marketing hogs is avoided and some of the reduced cost will go to the producer.

Cost Economies of Larger Units

Cost of production data for the North Central region in 1980, 1982, and 1983 indicate the economics of large-volume production. During those years, the largest operations had a feed cost advantage of $2 to $3 per hundredweight of production over smaller operations. A large advantage came from a combination of feed efficiencies and bulk protein supplement purchases. Automation of the feeding process and waste disposal also reduced the amount of labor needed per hundredweight of production.

The largest producers have higher other nonfeed costs, because of hired labor costs. Other variable nonfeed costs were higher but were more than offset by a much lower unpaid labor cost. Capital costs per unit of output incurred by largest producers are $5 to $6 less than those of smallest producers due to fuller use of facilities. The result is that during 1980, 1981, and 1983, total costs to large producers were $19 to $20 lower than those of the small seasonal producers. Although $10 of these costs were for unpaid labor, an individual will not continue to work for little or no returns to his labor. But in the short run, the smaller producer can operate while not making payment to capital costs and unpaid labor. In the long run, the smaller producer cannot afford to replace capital items and continue operating. The poor returns in the 1980's resulted in many smaller operators dropping the hog enterprise. Consequently, in 1983, 6 percent of the producers held 50 percent of the hog inventory and expectations are that this concentration will continue.

Implications

As the trend to a more concentrated hog production industry continues, reaction to market conditions by hog producers may change from historic patterns. Large producers have a competitive advantage over smaller producers in costs, both cash and replacement. In the short-term, the large producer will be able to operate profitably at a lower product price or higher input cost. The larger producer will operate nearer capacity and keep production levels high, driving down prices and discouraging smaller producers from entering or expanding production. In the near term, hog prices in 1985 are expected to be higher and feed costs lower, raising producers' returns. Higher producer returns should encourage some expansion in hog production. Smaller producers with some excess capacity will likely expand in the interim.

Some capacity was idled by producers who exited the industry between 1980 and 1984. The degree that this capacity will reenter production will depend on the financial soundness and expectations of producers. For some who are already financially strapped, repair of the facilities and purchases of breeding stock may be too great. Many idle facilities are not likely to be taken over by other producers. So, expansion during this growth stage in the hog production cycle will probably be concentrated in the expansion of present facilities, or to a lesser degree, the

building of new larger facilities. Expansion by large producers will take time as new facilities are built. This would lead to a slower more steplike change in the hog cycle.

Longer-term implications point towards more concentration in the industry. Large producers have a distinct advantage in the cost of production. Cost of production data for size classes at the present show no apparent diseconomies of size in hog production. The trend towards fewer and larger producers will most likely continue. Short-term production adjustments because of moderate changes in the cost of feed or in the price of hogs should be slower than they have been historically. As the industry becomes more concentrated, the amount of excess capacity in present hog production facilities will decline because of their fuller use of facilities. Thus, expansion by large producers will be largely constrained by the length of time new capital investments take to be brought on line.

Per capita consumption of pork is not likely to exceed levels seen during the past 30 years. Growth in pork production will probably follow the growth in population. The economics of large production encourages production at full capacity and the larger levels of production should keep prices low enough to limit the incentives for smaller producers to enter the market.

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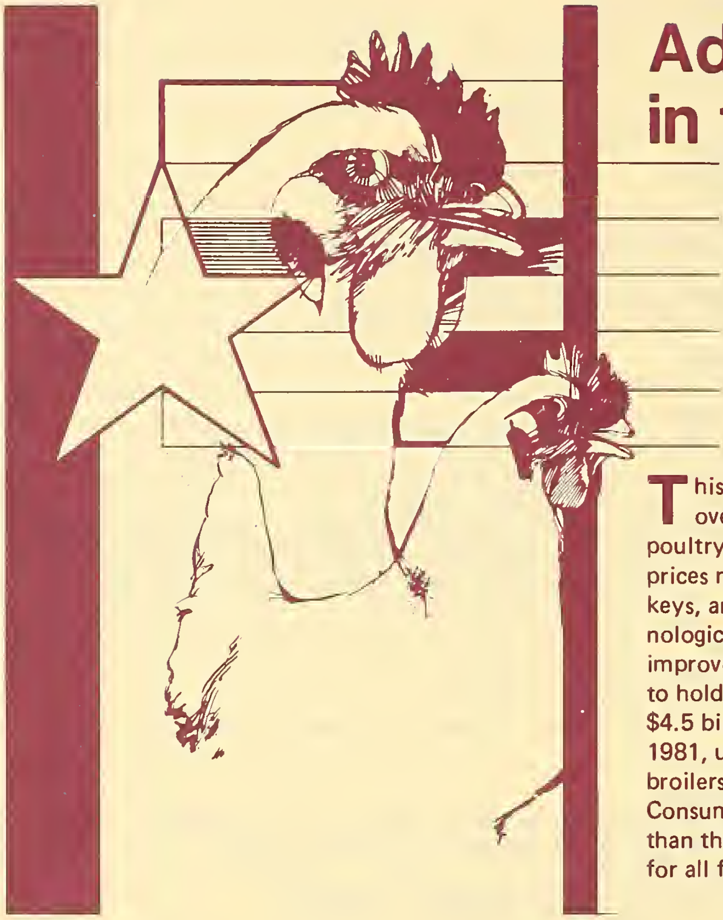

Advances Made in the Poultry Industry

The U.S. Poultry Industry: Changing Economics and Structure, by Floyd A. Lasley. AER-502. 32 pp. $3.25. Order SN: 001-000-04342-1 from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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